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TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

No. 179.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION, APPELLANT,

VS.

LOUIS SCHNEIDER, GEORGE JONAS, AND PATRICK IRWIN.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE DISTRICT OF LOUISIANA.

FILED OCTOBER 11, 1875.

Feb 21 '78
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SUPREME COURT OF THE UNITED STATES.

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1 *Bill of complaint.—Filed November 19, 1873.*

JOHN COCKREM, RECEIVER OF THE NEW ORLEANS National Banking Association, Nicholas W. Casey, substituted as receiver,
vs.
LOUIS SCHNEIDER ET ALS.
} No. 7069.

To the judges of the circuit court of the United States for the district of Louisiana:

John Cockrem, of the city of New Orleans, a citizen of the State of Louisiana, brings this his bill of complaint against Louis Schneider, George Jonas, and Patrick Irwin, all also of the city of New Orleans and respectively citizens of the State of Louisiana. And thereupon your orator complains, and says that he is the duly appointed and qualified receiver of the New Orleans National Banking Association, a body corporate duly constituted and created under and by virtue of and according to the provision of an act of Congress approved June 3d, 1864, entitled "An act to provide a national currency secured by a pledge of the United States bonds and to provide for the circulation and redemption thereof."

2 That he was duly appointed such receiver, in accordance with the provisions of said act of Congress and the acts amendatory thereof, and in his said capacity brings this his bill.

And thereupon your orator in his said capacity complains and says that on or about the twenty-fifth day of September, A. D. 1873, although still carrying on the business of banking, the said New Orleans National Banking Association was in an insolvent condition and to the knowledge of the president and directors thereof in a failing condition, and was in fact unable to pay the checks of its depositors, drawn against actual deposits made in said bank, and was in all things from said last-mentioned date unable to pay and discharge in currency the daily balances due by it to the other banks in the said city of New Orleans, and continued in the same crippled and insolvent condition until on or about the 4th day of October, 1873, when said banking association absolutely failed, suspended, and permanently closed all banking operations and business, and soon thereafter passed into the control and management of your orator as receiver, as aforesaid.

That after the 24th day of September, and between that date and the date of the suspension of said association, to wit, the 6th day of October, 1873, the president, directors, and officers of the said banking association, although well knowing the insolvency of said corporation, with the unlawful intent to unjustly prefer certain of its creditors, to your orator at this time unknown, contrary to the provisions of the said last-mentioned act of Congress, abstracted unlawfully from the bills, notes, securities, and assets of said banking association a large amount
3 thereof, amounting, as your orator is informed and believes, to at
least the full value of two hundred and eighty-one thousand one hundred and seventy-seven dollars and fifty-five cents; among which said securities and assets are included the bills, notes, bonds, and assets set forth and described in the document hereto attached marked "Exhibit A," and made a part of this bill of complaint, and placed the same in the custody and control of the said defendants, and, as your orator is informed and believes, in the joint possession and control of all of said defendants, who now hold the same in their possession and control and refuse to deliver the same to your orator, although he, in his said char-

acter and capacity as receiver as aforesaid, has demanded of the said defendants that they so deliver the same to him.

And your orator further shows unto your honors that he has no means of ascertaining whether the bills, notes, and assets of said banking association named and set forth in said Exhibit A are all of the assets of said banking association now and at this time in the possession of said defendants or which have been in their possession since September 24th, 1873, and needs the aid of this honorable court to compel said defendants to make full, true, and complete discovery of all and singular the property of said banking association in their possession at any time and what disposition they have made of the same.

And your orator further shows that the said defendants claim and pretend that they have some title or right in said property, and that they have the right and authority to detain the same from your 4 orator, and that they hold the same as pledged to them with the right on their part in their discretion to collect or sell at public or private sale all of the said assets so in their possession and apply the same, or the proceeds thereof, to the full and complete payment of a certain class of the creditors of said banking association, to be selected by said defendants without regard to the laws of the United States and contrary to the will of the Controller of the Currency of the United States or your orator, and in fraud of the rights of the other creditors of said banking association.

And your orator further shows unto your honors that at the time said defendants so took into their possession said assets of said banking association as aforesaid, they and each of them well knew that the said national banking association was unable to pay the current demands and checks of its depositors, and that the said assets of said association, so placed in their hands, was a portion of the portfolio of said banking association, and as such the just and equitable security of all of the creditors of said association.

That your orator is unable to state which particular creditor of the said association the said defendants pretend to hold said assets to secure, but is advised and informed, and believes, that said defendants claim the right to select such creditors as they may choose to prefer and pay and discharge the same with said assets, or the proceeds thereof, in total disregard of equity or the rights of other creditors.

And your orator further shows that he is advised and believes that, as receiver of said banking association, he is not only entitled to administer all of the assets of said banking association, but to the 5 scrutiny and investigation of the claims of all the creditors thereof, before the same are finally adjusted and any distribution of the assets of said bank made; that if said defendants are allowed and permitted to continue to assert their pretence of title to and right to administer said assets now in their possession they will in effect administer a large portion of the assets of said bank in the interest of persons who became creditors of said bank knowing the same to be insolvent, and hoping through the aid of said defendants to obtain unjust preference over all other and former good-faith creditors of said association, at least to the extent of the value of said property in the hands of said defendants, all of which is and was contrary to equity and good conscience.

And your orator is further advised and informed, and avers the fact to be, that any and all pretence of title, trusteeship, or other right of possession set up and asserted by said defendants is null and void, for the reason that the same was so established and said securities and assets were unlawfully set over and transferred to the possession of said defendants, not only after said banking association had committed various acts of insolvency, but when its officers were contemplating the insolvency thereof, and so transferred said securities and assets to said defendants with a view to prefer one class of its creditors (not being the holders or owners of its circulating notes) over others entitled in law and equity to the same consideration and protection, contrary to the provisions of the act of Congress of June 3rd, 1864, aforesaid, and particularly of the 52d section thereof, of which said defendants were at the time they received said transfer of said assets, and still are, well aware.

6 And your orator further shows unto your honors that he is advised and informed, and verily believes, that said defendants claim to have and possess such title in and to said assets and property that they in their discretion can sell the same at private sale, or convert the same into money and disburse the same to such creditors of said banking association at any time, without the knowledge or consent of your orator or any other person interested in or charged with the administration of the affairs of said association, and that they will so dispose of and unlawfully withdraw the same from the administration of your orator as receiver, as aforesaid, and deprive the creditors of said banking association of the equal and equitable share therein to which in law and equity they are entitled, unless restrained by the order of this honorable court.

That your orator has demanded of said defendants that they deliver all of said property to him, as in law and equity they should.

But now so it is, may it please your honors, that the said defendants, combining and confederating with divers other persons or corporations, at present unknown to your orator, whose names, when discovered, your orator prays he may be at liberty to insert herein, with apt words to charge them as parties defendant hereto, absolutely refuse to comply with such request.

In consideration whereof, and forasmuch as your orator can only have adequate relief in the premises in this honorable court, where such matters are properly cognizable and relievable:

To the end, therefore, that the defendants herein and said other parties defendants, when discovered, may, if they can, show why
7 your orator should not have the relief hereby prayed, and may, upon their several and respective corporeal oaths, and according to the best and utmost of their several and respective knowledge, information, and belief, full, true, direct, and perfect answers make to the premises, and to such of the several interrogatories hereinafter mentioned and set forth as by the note hereunder written, that is to say—

1st. Whether it is true that you or either of you have had in your possession and control the bills, notes, and securities named and set forth in Exhibit A, annexed to this bill, or some portion thereof? If yea, state when the same came into your possession, for what purpose, and what interest or right to the possession or control thereof do you claim to possess.

2d. Whether you claim the right to sell, collect, or otherwise convert the said securities, being a portion of the assets of the New Orleans Banking Association, and apply the same or the proceeds thereof to the payment of any creditor of said bank? If yea, state when and from whom; at what time and in what form or manner you acquired such authority.

3d. Whether you, or either of you, have collected or sold any bond, bill, or note placed in your hands by said New Orleans Banking Association, or any of its officers, since the 24th day of September, A. D. 1873? If yea, state in what manner you have disposed of the proceeds of such collections or sale, to whom you have paid the same, and for what purpose or consideration.

4. Whether you have now, or have at any time since the 24th of September, 1873, received from the New Orleans National Banking Association
any other or different bills, notes, bonds, or other securities than
8 described in said Exhibit A? If yea, state the date when re-
ceived, what security, and in what manner you have disposed of the same.

The premises considered, your orator prays that your honors will grant and allow unto him the most gracious writ of injunction, directed to said defendants, and each and all of them, their several agents and attorneys, inhibiting and restraining them and each of them, during the pendency of this action, from in any manner selling, either at public or private sale, any part or portion of any bill, bond, note, or asset of the said New Orleans National Banking Association, of any form whatsoever, which they, or either of them, hold in their possession or control, as alleged in this bill of complaint, either as set forth in Exhibit A, or which they or either of them may hold, either for their own benefit or for the benefit or security of any creditor or creditors of said banking association by any title less than absolute ownership for full price paid therefor, and from converting to their own use or mixing with their own funds, or paying out to any person or for any person, and from removing beyond the jurisdiction of this court any money which they or either of them may receive, resulting from the disposal or collection of any of said bills, notes, bonds, or assets of said banking association, and from doing any other act in relation thereto, except such as may become necessary to fix the liability of sureties and indorsers.

And your orator further prays that your honors, pending a motion for such injunction and the hearing thereof, will grant and allow an order, restraining said defendants, and each of them, to the full extent and
effect as above prayed for; as your orator verily believes that un-
9 less said defendants are so restrained, said defendants will sell
said property and deliver the proceeds to such creditors as they may select, and work irreparable injury to the balance of said creditors represented by your orator, and that upon the hearing of this cause that said injunction be made perpetual.

And your orator further prays that, after due proceedings had, your honors do further adjudge, decree, and order the said defendants, each and all of them, to render a full, true, and correct discovery, statement, and account of all and singular all of said bonds, notes, assets, and securities so received by them since the 24th day of Sept., 1873, as well as all and singular the proceeds thereof, or any part thereof, in money or other valuable thing, which may have come into their possession or the possession of either of them from the redemption, payment, sale, or exchange thereof, and that they be collectively and severally ordered to deliver the same to your orator, to be marshaled with the assets of said New Orleans Banking Association and administered by your orator in his said capacity in the manner directed by law and for the general benefit of all the creditors thereof, in the order in which the law directs that the same shall be paid.

And may it further please your honors to grant unto your orator writs of subpœna of the United States of America, issued in due form of law, directed to the said defendants, Louis Schneider, George Jonas, and Patrick Irwin, commanding them and each of them, on a day certain to be named therein, and a certain penalty, to be and appear in this honorable court, and then and there to answer all and singular the premises, and stand to, abide, and perform such order, direction, 10 and decree as may be made against them; and that your orator have such other and further relief in the premises as the nature of the circumstances of the case may require, and to this honorable court may seem meet and just, and your orator, as in duty bound, will ever pray.

J. D. ROUSE,
Solicitor for Complainant.
J. R. BECKWITH, *Counsel.*

UNITED STATES OF AMERICA,
District of Louisiana:

John Cockrem, being first duly sworn, deposeth and sayeth, that he is the complainant in the foregoing bill named, and has read the same and knows the contents thereof; that the said bill is true of his own knowledge, except as to such matters as therein stated to be on his information and belief, and that as to all such matters he believes it to be true as therein set forth; and further saith not.

JOHN COCKREM.

Sworn to and subscribed before me this 19th day of November, 1873.

F. B. VINOT,
U. S. Commissioner.

NOTE.—The defendants, each and all of them, are required to answer the interrogatories in the foregoing bill of complaint mentioned, numbered respectively 1, 2, 3, 4.

J. D. ROUSE,
J. R. BECKWITH,
Solicitors for Complainant.

Order.

Let the defendants show cause, on 16th inst., at 11 a. m., why an injunction should not issue, as prayed for; and in the mean time let them be restrained as prayed for.

(Signed) E. H. DURELL, *Judge.*

11 EXHIBIT A.

Statement of collaterals pledged by New Orleans National Banking Association to the New Orleans clearing-house trustees.

1873.

Oct.	6.	T. S. Scott	$347 92
"	6.	Alcus, Scherck & Autey	341 25
"	6.	R. A. Chiapella	1,825 40
"	8.	J. A. Brown	545 90
"	8.	I. Bloom & Co	1,059 94
"	9.	I. Bloom & Co	3,108 50
"	10.	A. De Georges	1,200 00
"	10.	J. U. & H. M. Payne & Co	322 43
"	11.	Pearce & Waters	5,000 00
"	11.	Wolf & Marks	2,500 00

	Oct. 11.	Farly, Bright & Co	455	00
	" 13.	W. Morrison & Co	1,000	00
	" 13.	F. Camerden	1,364	56
	" 13.	Rawlins & Murrell	358	35
	" 14.	A. Poincy	8,500	00
	" 14.	F. Ayala	854	50
	" 15.	Warren, Atkinson & Co	5,000	00
	" 16.	Queyrouze & Bois	2,333	33
	" 16.	C. Mehle & Co	600	00
	" 16.	W. H. Hays	400	00
	" 16.	Warren, Atkinson & Co	415	60
	" 16.	W. W. Smith	581	72
	" 17.	P. Causse, agent	434	65
	" 18.	A. L. Tissot	300	00
	" 18.	Levy & Scheur	3,000	00
	" 18.	D. Urquhart	310	16
	" 19.	John Rocchi	7,000	00
	" 19.	N. Bauer	438	13
12	Oct. 20.	J. Woods	$557	95
	"	J. U. & H. M. Payne & Co	412	22
	" 21.	Schwabacher & Hirsch	1,178	60
	" 22.	M. Bredig on S. Miller	1,810	50
	" 22.	Wackerbarth & Joseph	826	80
	" 22.	L. Samuel	200	00
	" 23.	J. A. Stouze	817	36
	" 23.	J. Moriarty	363	45
	" 23.	J. Davidson Hill & Co	1,250	00
	" 23.	J. K. Collins & Bro	731	50
	" 25.	Spencer Field	500	00
	" 27.	Beadles, Wood & Co	391	62
	" 28.	A. Levy	507	50
	" 28.	E. Traub	775	00
	" 28.	Thompson Bros	1,200	00
	" 29.	Bodet & Gueydan frères	1,425	00
	" 30.	T. McGinnis	3,500	00
	" 31.	Paul Reid	1,010	34
	Nov. 2.	Wackerbarth & Joseph	10,000	00
	" 2.	F. A. Gonzales	2,726	00
	" 3.	A. Tertrou	5,000	00
	Nov. 4.	Warren, Atkinson & Co	300	00
	" 4.	Batchelor & Hathorn	300	00
	" 4.	J. U. & H. M. Payne & Co	559	39
	" 5.	J. G. Spor (gold)	1,029	42
	" 5.	E. Marqueze & Co	4,000	00
	" 5.	Hoffman, Marks & Co	1,350	00
	" 6.	P. Macou & Co	1,000	00
	" 7.	Prestidge, Graham & Co	4,000	00
	" 7.	G. Pascal & Co	1,000	00
	" 8.	Ball & Lyons	528	30
	" 8.	Richardson & May	994	59
	" 10.	C. L. Walmsley & Co	337	61
13	Nov. 11.	John I. Adams & Co. (gold)	$2,250	00
	" 13.	Webster & Co. (gold)	1,521	35
	" 13.	Hermann & Vignes	274	15
	" 13.	C. F. Johnson & Co	3,500	00
	" 13.	J. Bethancourt	2,500	00

Nov.	13.	P. Aldigé	2,000 00
“	13.	J. Burnett & Co	650 15
“	15.	Forcheimer & Haber	12,500 00
“	15.	Smith & Goldsmith	12,500 00
“	16.	E. Peuch	2,000 00
“	17.	R. Dumestre	600 00
“	17.	U. Laroussini	1,940 00
“	18.	Hart, Ailborn & Co	10,000 00
“	18.	Warren, Atkinson & Co	800 00
“	18.	A. Roos	3,000 00
“	19.	R. W. Adams	300 00
“	22.	P. S. Wiltz & Co	5,000 00
“	22.	E. S. Wurzburger	2,800 00
“	23.	Queyrouze & Bois	3,894 83
“	24.	Alcus, Scherck & Autey	500 00
“	28.	Flash, Lewis & Co. (gold)	5,738 83
“	29.	Smith & Goldsmith	25,000 00
“	30.	Levy & Haas	247 07
Dec.	1.	Thos. Robinson	1,000 00
“	1.	D. Pochelu	2,500 00
“	5.	J. G. Spor (gold)	1,029 42
“	7.	A. Lastrapes & Co	6,250 00
“	30.	Foley, Conger & Co	10,501 76
1874.			
Jan.	9.	H H. Broad & Trousdale	600 00
“	18.	Steamer La Belle and Owners	1,500 00
Feb.	9.	H. H. Broad & Trousdale	600 00
			$223,677 55

14 30 city gold consolidated bonds, $1,000 each.

Crescent City slaughter-house bonds, $17,500.

10 mortgage bonds, Mechanics' and Agricultural Fair Association, $1,000 each.

30 city gold bonds, par value	$30,000 00
Crescent City slaughter-house, par value	17,500 00
10 mortgage bonds, M. & A. Fair Ass'n	10,000 00
Total	$281,177 55

15 *Subpœna in chancery to Louis Schneider.*

UNITED STATES OF AMERICA:

The President of the United States to the marshal for the district of Louisiana, greeting:

You are hereby commended to summon Louis Schneider, a citizen of the State of Louisiana, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery, filed against him and others, wherein John Cockrem, receiver of the New Orleans National Banking Association, and a citizen of the State of Louisiana, is complainant, and said Louis Schneider and others are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon, how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 19th day of November, in the year of our Lord one thousand eight hundred and seventy-three, and the 98th year of American Independence. 16

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

The defendant is hereby notified that he is required to enter his appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Received November 19th, 1873, and on 21st day of same month and year served a copy of within subpœna in chancery on Louis Schneider, named herein, by handing the same to him in person.

New Orleans, Nov. 21st, 1873.

(Signed) S. W. REED,
D'y U. S. Marshal.

Subpœna in chancery to George Jonas.

UNITED STATES OF AMERICA:

17 The President of the United States to the marshal for the distric of Louisiana, greeting:

You are hereby commanded to summon George Jonas, a citizen o the State of Louisiana, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery filed against him and others, wherein John Cochrem, receiver of the New Orleans National Banking Association, and a citizen of the State of Louisiana, is complainant, and said George Jonas and others are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 19th day of November, in the year of our Lord one thousand eight hundred and seventy-three, and the 98th year of American Independence.

18 [SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

The defendant is hereby notified that he is required to enter his appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Received Nov. 19th, 1873, and on same day, month, and year served a copy of within subpœna in chancery on George Jonas, named herein, by handing the same to him in person.

New Orleans, Nov. 20th, 1873.

(Signed) S. W. REED,
D'y U. S. Marshal.

Subpœna in chancery on Patrick Irwin.

UNITED STATES OF AMERICA:

The President of the United States to the marshal for the district of Louisiana, greeting:

19 You are hereby commanded to summon Patrick Irwin, a citizen of the State of Louisiana, to appear before the honorable the judges of the fifth judicial circuit of the United States of America, at a circuit court to be holden on the first Monday of January, 1874, then and there to answer a bill in chancery filed against him and others, wherein John Cockrem, receiver of the New Orleans Banking Association, and a citizen of the State of Louisiana, is complainant, and said Patrick Irwin and others are defendants.

Herein fail not, and have you then and there this writ, with your endorsement thereon how you have executed the same.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 19th day of November, in the year of our Lord one thousand eight hundred and seventy-three, and the 98th year of American Independence.

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

20 The defendant is hereby notified that he is required to enter his appearance in the clerk's office of the United States circuit court on or before the first Monday of January, 1874; otherwise the bill may be taken pro confesso.

(Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Received November 19th, 1873, and on the 21st day of same month and year served a copy of within subpœna in chancery on Patrick Irwin, within named herein, by handing the same to him in person.

New Orleans, Nov. 21st, 1873.

(Signed) S. W. REED,
D'y U. S. Marshal.

Rule for injunction.—Extract from the minutes of November term, 1873.

NEW ORLEANS, *Thursday, Dec. 4th,* 1873.

Court met pursuant to adjournment.

Present, Hon. E. H. Durell, dist. judge.

JNO. COCKREM, REC'R,
vs. } No. 7069.
L'S SCHNEIDER ET AL.

On motion of J. D. Rouse and J. R. Beckwith, solicitors for com-

21 plainant, ordered that the defendants show cause on 16th instant, at 11 a. m., why an injunction should not issue as prayed for, and in the mean time let them be restrained, as prayed for.

Restraining order to Louis Schneider, George Jonas, & Patrick Irwin.

UNITED STATES OF AMERICA:

Circuit court of the United States, fifth judicial circuit and district of Louisiana.

JOHN COCKREM, REC'R OF THE N. O. NAT. B'k'g Association,
vs.
LOUIS SCHNEIDER ET ALS.
} No. 7069.

The President of the United States to Louis Schneider, George Jonas, and Patrick Irwin, greeting:

Whereas it has been represented to us, in our said circuit court, on the part of John Cockrem, receiver of the New Orleans National Banking Association, in a bill in equity lately exhibited against you, and each of you, touching certain matters and things therein set forth;

And whereas the honorable Edward H. Durell, one of the judges
22 of our said court, upon due consideration thereof, has made and
allowed an order in said cause whereby you, and each of you, are required to show cause, on the 16th inst., at 11 a. m., why an injunction should not issue as prayed for in said bill of complaint;

And whereas the said judge has granted an order restraining you, and each of you, immediately and forthwith, and during the pendency of said motion for an injunction, to the full extent and effect as prayed for in said bill of complaint:

Now, therefore, in the consideration of the premises and of the allegations in said bill contained, you, the said Louis Schneider, George Jonas, and Patrick Irwin, your agents, attorneys, and servants, and each of you, are hereby commended and strictly enjoined, under the penalty of the law, that you and each of you entirely refrain and desist from in any manner selling, either at public or private sale, any part or
23 portion of any bill, bond, note, or asset of the said New Orleans
National Banking Association, of any form whatever, which you, or either of you, hold in your possession *f*or control, as alle*d*ged in said bill of complaint, either as set forth in Exhibit A, (annexed to said bill,) or which you or either of you may hold, either for your own benefit or the benefit or security of any creditor or creditors of said New Orleans National Banking Association, by any title less th*e*n absolute ownership or full price paid therefor, and from converting to your own use or mixing with your own funds, or paying out to any person, and from removing beyond the jurisdiction of this court, any money which you or either of you may receive, resulting from the disposal or collection of any of said notes, bills, bonds, or assets of said New Orleans National Banking Association, and from doing any other act in relation thereto except such as may become necessary to the liability and surety of endorsers; and that you, the said Louis Schneider, George Jonas, and Patrick
24 Irwin, your agents, attorneys, and servants, and each of you, re-
main so inhibited and restrained by said order until the further order of our said court in the premises.

Witness the honorable Nathan Clifford, associate justice of the Supreme Court of the United States of America, this 5th day of December, A. D. 1873, and the 98th year of the American Independence.

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Received December 5th, 1873, by the U. S. marshal, and on the same day, month, and year served a copy hereof on Louis Schneider, by handing the same to him in person in this city; on George Jonas, by handing the same to him in person in this city; on Patrick Irwin, by handing the same to him in person in this city.

New Orleans, Dec. 12th, 1873.
(Signed) S. W. REED.
D'y U. S. Marshal.

Motion to appoint a receiver.—Entered & filed Dec. 8th, 1873.

25 United States circuit court, district of Louisiana. In equity.

JNO. COCKREM, REC'R N. O. N. B'K'G ASS'N,
vs.
LOUIS SCHNEIDER ET ALS.
No. 7069.

On motion J. D. Rouse and J. R. Beckwith, solicitors for complainant, it is ordered that the defendants herein show cause Tuesday, the 16th day of December, 1873, at 11 o'clock a. m., why a receiver should not be appointed to take possession of and collect the assets now in defendants' possession mentioned in complainant's bill of complaint, and hold the same pendente lite subject to the order of this honorable court.

Marshal's return.

Received Dec. 9th, 1873, by the U. S. marshal, and on the same day, month, and year served a copy hereof on each of the within-named persons, to wit, George Jonas, Patrick Irwin, and Louis Schneider, personally, in this city.

New Orleans, Dec. 12th, 1873.
(Signed) S. W. REED,
D'y Marshal.

26 *Continuance of rule.—Extract from the minutes of Dec. 16th,* 1874.

JOHN COCKREM, REC'R,
vs.
L. SCHNEIDER ET ALS.
No. 7069.

By consent of counsel, the rule for injunction in above case is continued till Friday, 19th instant, at 11 a. m.

Continuance of rule.—Extract from the minutes of Dec. 19th, 1874.

JNO. COCKREM, REC'R,
vs.
L. SCHNEIDER ET ALS.
No. 7069.

By consent of counsel, the rule and question of injunction in above case is continued, to be re-assigned hereafter.

Entry at January rules, 1874.—*Extract from chancery order-book.*

JOHN COCKREM, REC'R OF THE NEW ORLEANS Nat. Banking Association,
vs.
LOUIS SCHNEIDER ET ALS.
} No. 7069.

27 The defendants herein, by their solicitors, Finney & Miller, have this day entered their appearance to complainant's bill.

Entry at January rules, 1874.—*Extract from chancery order book, January 10th*, 1875.

JOHN COCKREM, REC'R,
vs.
L. SCHNEIDER & AL.
} No. 7069.

The defendants, Louis Schneider, George Jonas, and Patrick Irwin, have this day filed their answer to complainant's bill of complaint.

28 *Answer of Louis Schneider et als., defendants.—Filed Feb.* 10, 1874.

Circuit court of the United States for the district of Louisiana. In chancery.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association,
vs.
GEORGE JONAS, PATRICK IRWIN, AND LOUIS Schneider.
} No. 7069.

The answer of George Jonas, Louis Schneider, and Patrick Irwin, defendants, to the bill of complaint of John Cockrem, receiver of the New Orleans National Banking Association, complainants.

These defendants, saving and reserving to themselves now and at all times hereafter all and all manner of benefit and advantage of exception which can or may be had or taken to the said complainant's bill of complaint, for answer thereto, or to so much thereof as these defendants are advised are in any wise material to make answer unto, answer and say that they believe that the complainant has been appointed receiver of the New Orleans National Banking Association, as stated in 29 his bill; but they do not know that he has given bond and qualified as receiver, nor have they any information or grounds of belief that he has so qualified, except that he has so stated in his bill; that they have formed no belief on the subject.

These defendants aver that during the period of three months preceding the 24th of September, 1873, there had been heavy commercial failures through the United States, accompanied by great commercial distress; that the pecuniary stringency was unusual and the demands for currency were far beyond the usual requirements; all of which causes had constrained, at and prior to said date, a general suspension of currency payments by individuals and by the banks in all the commercial centres; that on the 24th of September and 6th of October, and intervening dates, the New Orleans National Banking Association was in possession of United States and national currency, bills receivable, assets and property of value, considerably in excess of its liabilities, but these defendants believe the fact to be that, although possessed of said excess of means and resources, owing to said commercial causes, said general suspension of currency payments and the closing of all channels by which currency was usually obtained, the said New Orleans National Bank paid all checks drawn upon it in the manner adopted by all the banks of New Orleans and accepted by its customers, but was unable, in common with all the banks of New Orleans, owing to said causes and circumstances herein stated, to pay checks and balances due other banks in currency; and these defendants deny that the condition of said bank on the 24th of September, 1873, was other or different than as stated herein.

30 These defendants deny it to be true that the president and directors of said New Orleans National Banking Association unlawfully abstracted from the said association the assets described in Exhibit A, filed with complainant's bill. These defendants aver that on the 25th of September, 1873, after and in consequence of the general suspension of the banks in all the commercial centres, the Hibernia National Bank, the State National Bank, the Union National Bank, the Bank of America, the Mutual National Bank, the People's Bank of New Orleans, the New Orleans National Banking Association, the New Orleans Canal and Banking Company, Pike & Brother, the New Orleans National Bank, the Citizens' Bank of Louisiana, the Germania National Bank, the Bank of Lafayette, the Louisiana National Bank, and the Teutonia National Bank entered into an agreement, of which the principal features, so far as pertinent to the present answer, were as follows, viz:

1st. Louis Schneider, George Jonas, and Patrick Irwin were appointed trustees in behalf of the parties concerned to carry into effect their agreement.

2d. The trustees and agents were authorized to issue to each bank or banker party to the agreement clearing-house certificates in sums of not less than one thousand dollars nor more than ten thousand dollars, upon deposit of collaterals, to the extent of 75 per cent. of what the said trustees should deem their value, the said certificates to be used by the parties only in settlement of their daily balances and exchanges.

3rd. The said parties bound themselves to pay demands upon them exceeding twenty-five dollars in certified checks and not to pay
31 currency in sums exceeding twenty-five dollars upon the checks of any depositor on the same day, and all new deposits in the same kind of currency as that deposited. They also bound themselves not to increase the line of discounts, and to use all efforts to curtail their liabilities.

4th. In case, at the expiration of thirty days from the date of the agreement, the parties should fail to redeem the collaterals deposited by them respectively and take up the clearing-house certificates which they were deposited to secure, the trustees were empowered to dispose of the said collaterals at private sale to the best interests of the parties concerned and apply the proceeds to the payment of the certificates.

5th. The agreement did not apply to gold deposits.

A copy of the said agreement is filed, marked "Exhibit B," and made part of this answer, as is also the supplemental agreement marked "C."

Now these defendants aver that at various dates between the 24th of September, 1873, and 6th October, 1873, these defendants, as agents and trustees under said agreement between the associated banks, issued to the said New Orleans National Banking Association, in accordance with said agreement, clearing-house certificates amounting to one hundred

and ninety-nine thousand dollars, to secure the payment of which the said New Orleans National Banking Association pledged and deposited with these defendants the assets described in Exhibit A, filed with complainant's bill, and said certificates were issued to enable the said New Orleans National Banking Association to settle its daily balances and exchanges with the associated banks, each of said associated
32 banks during the period of the dates of said certificates receiving
on deposit checks drawn upon the other associated banks, giving credit for the amounts thereof, and paying out said credits to depositors, and the adjustments of balances and exchanges between said associated banks being had daily in the following manner:

Each day each of the associated banks sent into the clearing-house all the checks deposited by and passed to the credit of their customers the day before as cash, to be drawn for at will, upon all the other associated banks, and all the checks held by each bank were added up, and a balance was struck between the checks held by, and the checks held against it, and thus it was ascertained which, in the settlement, where the creditor banks, and which the debtor banks, and for what amounts, and clearing-house certificates were issued, required by the debtor banks to be used by them only in payment of said daily balances. The trustees drew a check in favor of each creditor bank for the amount due it upon the whole settlement, upon the debtor banks, distributing the amount due by each debtor bank among the creditor banks, until the whole amount due by each debtor bank was exhausted and distributed among the creditor banks in sums to cover each balance due the creditor banks, and without reference to the state of the account between any particular creditor and debtor banks. So that if any one bank as between it and the New Orleans National Banking Association had a credit of a small sum, and a large credit against some other associated banks, the whole amounts of its credits was paid by check on said New Orleans National Banking Association, if it owed enough to cover the whole of said credits. Thus, for each certificate issued to the
33 said New Orleans National Banking Association by these defend-
ants, and given to the other banks in settlement of daily balances, the bank receiving said certificates gave up for it at the same moment the checks and credits held by it against all the banks indebted to it, and the security of the drawers and endorsers on said checks, arising from their drawing and endorsing said checks, for a check upon said banking association, and exchanged its credit against several banks for its credit against a single one. At the same time the said creditor banks gave full value for the checks surrendered in exchange. Thus, for each of said certificates received by the creditor banks they were held as for value given.

Now, these defendants aver that all the clearing-house certificates, amounting to one hundred and ninety-one thousand dollars, issued to the New Orleans National Banking Association, and representing its indebtedness arising from said balances and exchanges, were, at the dates of the adjustments of said balances and exchanges, transferred and delivered by the said New Orleans National Banking Association to the banks, the creditors in said adjustments, in settlement of the indebtedness due by the said association and of the indebtedness due to said creditor banks, being the amount of said certificates, and arising from said balances and exchanges between said associated banks, and said certificates were received and accepted by the said creditor banks, for the valuable consideration aforesaid, upon the faith of the said assets and the aforesaid pledge and deposit thereof: and the adjustment of said

balances and exchanges and the indebtedness of the said associa-
34 tion arising therefrom, for which said certificates were transferred,
as herein stated, is shown by the Exhibits Nos. 1, 2, 3, 4, 5, herewith filed as part hereof, and to which reference is craved, and which shows the debtor and creditor banks on said adjustments.

And these defendants aver that the aforesaid pledge of said assets described in Exhibit A was legal and valid in all respects, and conferred upon these defendants the title to said assets and the right to collect and dispose of the same and apply the proceeds thereof to the payment and redemption of all said clearing-house certificates issued to and transferred by the said New Orleans National Banking Association.

And these defendants further aver that they have applied and disposed of one hundred and seventy thousand dollars, ($170,000,) derived from the collections and sales of said pledged assets, in paying and redeeming an equivalent amount, to wit, one hundred and seventy thousand dollars, of the aforesaid clearing-house certificates issued to and transferred by the said New Orleans National Banking Association, said payments being made prior to the issuing of the restraining order herein, to the holders of said certificates who acquired the same in settlement of the indebtedness to them, arising from the adjustments of balances and exchanges, and in accordance with the terms of the said agreement between the banks; and these defendants have further expended and applied five hundred and eight dollars and thirteen cents in paying the interest upon said clearing-house certificates issued to and transferred by the said New Orleans National Banking Association, as stipulated in said supplemental agreement, and for fees for protesting certain of the pledged assets, making in all the sum of
35 $170,508.13, applied and disposed of by these defendants, from and
out of the proceeds derived from the collections and sales of said pledged assets described in Exhibit A, all of which more fully appears by Exhibits G and H, herewith filed as part hereof, showing the clearing-house certificates paid and redeemed, and to whom paid, the interest and protest fee paid, and the annexed assets sold and collected, and to which exhibits reference is craved.

And these defendants aver that there are yet outstanding and unpaid of said clearing-house certificates issued to and transferred by the said New Orleans National Banking Association clearing-house certificates amounting to the sum of twenty-one thousand dollars, ($21,000,) and now held for value.

These defendants have in their hands of said assets described in Exhibit A assets uncollected amounting to the sum of thirty thousand one hundred and ninety-seven dollars and twenty cents; and they also have forty-three thousand one hundred and ninety-four dollars and ninety-eight cents, residue of the proceeds derived from the collections and sales of said pledged assets sold and collected by them as aforesaid. And these defendants aver that they have the legal right to hold said uncollected assets and proceeds within their own hands, and to collect and apply proceeds of said assets and proceeds now in their hands to the payment of all said outstanding and unpaid clearing-house certificates, for which all of said assets described in Exhibit A were pledged as aforesaid, and that their title and right to hold, collect, and apply said assets and proceeds is legal and valid in all respects.

36 And these defendants hereto annex, as part hereof, Exhibits I
and J, showing said outstanding and unpaid clearing-house certificates and said uncollected assets, and Exhibit H showing residue of proceeds in their hands, and to which reference is craved.

These defendants never received from the said New Orleans National Banking Association any other assets than those described in Exhibit A, and of these they have now in possession only those stated to be uncollected in said Exhibit J, all the rest of the assets described in Exhibit A having been sold and collected, and all the proceeds of said sales and collections having been applied and disposed of in paying and redeeming said one hundred and seventy thousand dollars of clearing-house certificates issued to said association, and in paying said interest and protest fees, except said residue of said proceeds, $43,194.98, now in defendants' hands.

These defendants deny that said assets described in Exhibit A were transferred to them after the commission of the alleged acts of bankruptcy as charged in said bill, or that such acts were committed by said association, or that these defendants knew the officers of said association were contemplating such acts, or that they knew said assets were pledged and transferred after the commission of such acts; and these defendants deny that the holders of said clearing-house certificates became the holders thereof with any knowledge whatever of the alleged insolvency of said association, or with any hope or design other than to obtain the payment of said clearing-house certificates out of said pledged assets, which said holders believed, as these defendants aver, it was perfectly lawful.

37 These defendants deny that said assets were deposited and pledged as aforesaid with any view or intent other than to secure the payment of said clearing-house certificates issued to and transferred by said association, or that said intent, pledge, and transfer aforesaid was, in any respect, unlawful, or contrary to any act of Congress, or in peril of the creditors of said association, or when its officers were contemplating insolvency.

These defendants admit that at the time of said pledge and transfer of said assets they knew the same were a part of the portfolio of said association, and they knew that owing to the aforesaid general suspension, the closing of all channels by which currency is usually obtained, and other causes hereinbefore stated, that the said New Orleans National Banking Association, though possessed of said excess of means and resources over all its liabilities, was paying all checks and demands upon it in the mode accepted by its customers, and adopted by all the banks; but, in common with all the banks, was unable to pay checks and balances in currency.

These defendants do not believe, and they deny the fact to be, that said pledge and transfer was made with any knowledge or belief on the part of the president and directors of said association of the alleged insolvency of said association charged in said bill. On the contrary, these defendants believe, and aver the fact to be, that said pledge and transfer was made in good faith on the part of said president and directors, and with the belief that said association was competent to discharge all its obligations and maintain itself.

38 These defendants maintain they had the legal right to collect, sell, and apply the proceeds of said pledged assets already sold and disposed of to the payment and redemption of said clearing-house certificates paid by them, and that they have the legal right to hold and collect the pledged assets now in their hands and apply the proceeds thereof, and proceeds of those collected and in their hands, to the full and complete payment of all said outstanding and unpaid clearing-house certificates; and these defendants insisting that their said title and right to hold, administer, sell, collect, and apply proceeds as

aforesaid is legal and valid in all respects, admit the right of the complainant to receive from these defendants any residue of said pledged assets, or their proceeds, that may remain after the payment of the full amount of all the said outstanding and unpaid clearing-house certificates. And these defendants deny that said complainant has any other right in the premises.

These defendants answer the interrogatories propounded to them as follows:

To the 1st interrogatory: These defendants have in their possession such portions, and no more, of the assets described in Exhibit A, filed with the complainant's bill, as are stated to be uncollected in Exhibit J, and set forth therein, and to which reference is craved as part hereof. All the rest of the said assets described in Exhibit A have been sold and disposed of, and the proceeds of such sales and collections have been applied, prior to the service of the restraining order herein, in paying and redeeming $170,000 of clearing-house certificates issued to and transferred by the said New Orleans National Banking Association, and $508.13 for interest on clearing-house certificates and protest-fees, except forty-three thousand one hundred and ninety-four $\frac{97}{100}$
39 dollars, the residue of said proceeds now in the defendants'
hands. All of the assets described in said Exhibit A were pledged and deposited with these defendants to secure the payment of all the clearing-house certificates issued to and transferred by the said New Orleans National Banking Association, and acquired by the holders thereof for value, and of these clearing-house certificates there are yet outstanding and unpaid clearing-house certificates amounting to twenty-one thousand ($21,000.00) dollars, as shown by said Exhibit I, and these defendants maintain they have the right to hold and collect said uncollected assets, and apply the proceeds thereof, and the said residue of proceeds in their hands, to the full and entire payment and redemption of all the said outstanding and unpaid clearing-house certificates, and these defendants hold said assets and said residue by said right and title arising from said pledge and deposit of assets described in Exhibit A, to secure the payment of all the aforesaid clearing-house certificates issued to and transferred by the said association, and as set forth in the foregoing answer. All the assets described in Exhibit A came into defendants' hands at various dates between the 24th September, 1873, and the 4th October, 1873. These defendants have not now, nor had they at the date of the service of the subpœna herein, any other of the assets described in said Exhibit A, or the proceeds thereof, save as stated and set forth herein.

To the 2d interrogatory: These defendants maintain they have the right to sell or collect said uncollected assets in their hands and apply proceeds thereof, and the said residue of proceeds in their hands,
40 to the payment and redemption of all the said outstanding and
unpaid clearing-house certificates, amounting to the sum of $21,000, issued to and transferred by the said New Orleans National Banking Association; said right is derived from the aforesaid agreement between the associated banks and the aforesaid pledge and deposit of the assets as stated herein.

To the 3d interrogatory: These defendants have sold and collected such of the assets described in Exhibit A as are stated to be sold or collected in Exhibit G, herewith filed as part hereof, and to which reference is craved. As already stated, these defendants have applied and disposed of one hundred and seventy thousand five hundred and eight dollars and thirteen cents of the proceeds of said assets sold and collected in paying and redeeming one hundred and seventy thousand dollars of the clearing-house certificates issued to and transferred by the said New Orleans National Banking Association in settlement of its indebtedness arising from the balances and exchanges between the associated banks, and $508.13 interest and protest-fees, as hereinbefore set forth, and the said clearing-house certificates paid, their amounts and to whom paid, is shown by the said Exhibit H. The assets stated to have been sold and collected by these defendants in said Exhibit G are all the assets described in Exhibit A sold and disposed of by these defendants.

To the 4th interrogatory: These defendants have not, since the 24th September, 1873, received from the said New Orleans National Banking Association any other assets than those described in Exhibit A, and
of these they now have only said assets described and set forth
41 as uncollected in said Exhibit J, and the aforesaid residue,
($43,194.98,) proceeds of assets sold and collected.

And these defendants deny all and all manner of unlawful combination charged in said bill, without this, that there is any other matter, cause, or thing in the said complainant's bill contained material or necessary for these defendants to answer, and not herein and hereby well and sufficiently answered, confessed, conceded, or denied, is true to the knowledge or belief of these defendants, all of which matters and things these defendants are ready and willing to aver, maintain, and prove as this honorable court shall direct, and humbly pray to be hence dismissed, with their costs and charges in this behalf sustained.

LOUIS SCHNEIDER.
GEORGE JONAS.
P. IRWIN.

Geo. Jonas, Louis Schneider, and Patrick Irwin, defendants herein, being duly sworn, depose and say that all the matters and things in the foregoing answer contained which are stated upon the knowledge of the affiants are true and correct, and those stated upon the information of others they believe to be true.

LOUIS SCHNEIDER.
GEO. JONAS.
P. IRWIN.

Sworn to and subscribed before me this 10th Feb., 1874.

F. B. VINOT,
U. S. Commissioner.

42

EXHIBIT B.

Agreement between the banks.

Be it known that on this twenty-fifth day of the month of September, in the year of our Lord one thousand eight hundred and seventy-three,

Before me, Theodore Guyol, a notary public, duly commissioned and sworn, for the parish of Orleans, State of Louisiana, and in the presence of the witnesses hereinafter named and undersigned,

Personally appeared the parties whose names are hereinafter subscribed, acting for and in the names of the banks and firms which they severally represent,

Who declared that in their several capacities they had made and entered into the following agreements and stipulations which shall govern their mode of procedure for and during the thirty days ensuing the date hereof:

Messieurs Louis Schneider, George Jonas, and Patrick Irwin are hereby appointed as trustees to act on behalf of the parties to this agreement, the said Louis Schneider to act as president of the said trusteeship.

The said trustees are hereby empowered to issue certificates to each bank and banker, upon deposits of collaterals, to the extent of seventy-five per cent. of what the said trustees shall deem their par value, the said certificates to be called clearing-house certificates, and to be in sums of not less than one thousand dollars and not more than five thousand dollars each.

The said trustees shall select a bank to deposit the collaterals lodged with them.

43 The banks and bankers herein represented as parties to this act are hereby bound to issue only certified checks in payment of all sums over twenty-five dollars, and not to pay currency in sums exceeding twenty-five dollars upon the checks of any depositor on the same day.

The parties to this agreement shall use certified checks in the purchase of domestic or foreign exchange, and clearing-house certificates only in settlement of their daily exchanges and balances.

All new deposits shall be payable in the same kind of currency as that deposited.

The several banks and bankers herein represented are hereby bound not to increase their present line of discounts, and to use all efforts to curtail their liabilities.

In case, at the expiration of thirty days from this date, any of the parties to this act should fail to redeem the collaterals deposited by them as aforesaid, the said trustees are hereby authorized and empowered to sell and dispose of the said collaterals at private sale to the best of the interest of the parties interested, and to apply the proceeds of such sales to the redemption of said certificates; the whole without any intervention of justice.

This agreement being made and entered into to prevent the drain of currency which would inevitably take place on the banks of New Orleans, it is understood that it shall not apply to gold deposits, which are to be paid and settled in the usual manner.

Done and passed in my office, at the city of New Orleans, on the day,

month, and year first above written, in the presence of Armand
44 Guyol and John Steiner, competent witnesses, who have signed
these presents with the parties and me, notary, after reading the
whole.

(Signed) HIBERNIA NATIONAL BANK, *by P. Irwin, Pres't.*
STATE NATIONAL BANK, *by E. Rigney, Vice-Pres't.*
UNION NATIONAL BANK, *M. M. Simpson, Vice-Pres't.*
BANK OF AMERICA, *per Am. Fortier, Pres't.*
MUTUAL NATIONAL BANK OF N. O., *P. Fourchy Pres't.*
THE PEOPLE'S BANK OF N. O., *R. M. Davis, Pres't.*
NEW ORLEANS NATIONAL BANKING ASS'N, *C. Cavaroc, P't.*
NEW ORLEANS CANAL AND BANK'G CO., *Geo. Jonas, Pres't.*
PIKE, BROTHER & CO.
NEW ORLEANS NATIONAL BANK, *I. K. Bell, Pres't.*
CITIZENS' BANK OF LOUISIANA, *Jno. G. Gaines, Pres't.*
GERMANIA NATIONAL BANK, *Louis Schneider, Pres't.*
BANK OF LAFAYETTE, *S. Hopkins, jr, Pres't.*
LOUISIANA NATIONAL BANK, *A. Luria, Cash'r.*
TEUTONIA NATIONAL BANK, *J. R. Wildermann, President.*

ARMAND GUYOL.
JOHN STEINER.

THEO. GUYOL,
Notary Public.

A true copy of the original.

THEO. GUYOL.

NEW ORLEANS, *November 20th*, 1873.

EXHIBIT C.

Agreement between the banks.

Be it known that on this twenty-second day of the month of October, in the year of our Lord one thousand eight hundred and seventy-three, before me, Theodore Guyol, a notary public, duly commissioned and sworn, for the parish of Orleans and State of Louisiana, and in the
presence of the witnesses hereinafter named and undersigned,
45 personally appeared the parties whose names are hereunto sub-
scribed, acting for and on behalf of the banks and firms which they severally represent, who declared that whereas, by an act passed before the undersigned notary on the twenty-fifth day of September last, they made and entered into certain agreements and stipulations to govern their mode of procedure for and during the full space and term of thirty days ensuing the date of the said act; and whereas the said parties hereto deem it prudent and expedient to continue the said agreement for a further length of time:

Now, therefore, they, the said appearers, do hereby mutually contract and agree, and bind themselves, the one unto the other, in their respective capacities, to continue and extend the agreements existing between them under the act aforesaid until revoked by a vote of two-thirds of the parties to this act, to be taken and ascertained at a meeting called for that purpose, after at least ten days' previous notice.

It is agreed that Mess'rs Louis Schneider, Geo. Jonas, and Patrick Irwin, the trustees appointed under the act above referred to by the said parties to act in their behalf, shall continue in such capacity during the existence of this new agreement, and shall have and enjoy all the rights, powers, and privileges conferred upon them by the said act, which, together with the stipulations therein contained, shall remain in full force and effect during the whole continuance of this said agreement.

It is further agreed that an interest of five per cent. per annum shall be charged, from and after the twenty-fifth day of the present month, on all clearing-house certificates issued prior to the said date, 46 and on all certificates issued thereafter from and after their respective dates.

And it is further agreed that all interest accruing to, and all expenses and losses sustained by, the clearing-house during the existence of this agreement shall be shared by each of the associated banks and bankers, pro rata, on the basis of the weekly average of their net deposits, as shown by the reports made to the clearing-house association.

Done and passed in my office, at the city of New Orleans, on the day, month, and year first before written, in the presence of Armand Guyol and John Steiner, competent witnesses, who have signed with the said appearers and me, notary, after reading the whole.

(Signed) SAM'L H. KENNEDY, *Pres't State Nat. Bank.*
R. M. DAVIS, *President People's Bank.*
W. A. JOHNSON, *Acting Pres't La. Nat. Bank.*
JNO. G. GAINES, *Pres't Citizens' Bank of La.*
J. R. WILDERMANN, *Pres't Teutonia Nat. Bank.*
JULES CASSARD, *V. Pres't Germania Nat. Bank.*
S. HOPKINS, J'R, *Pres't Bank of Lafayette.*
I. K. BELL, *Pres't New Orleans National Bank.*
P. FOURCHY, *Pres't Mutual Nat. Bank.*
GEO. JONAS, *Pres't N. O. Canal and Banking Co.*
P. IRWIN, *Pres't Hibernia National Bank.*
C. KOHN, *Pres't Union National Bank.*
PIKE BROTHER & CO.
AM. FORTIER, *Pres't Bank of America.*

ARMAND GUYOL.
JOHN STEINER.
THEO. GUYOL, *Notary Public.*

A true copy of the original.

THEO. GUYOL.

NEW ORLEANS, *Nov.* 20, 1873.

47 EXHIBIT G.

Pledged assets sold and collected.

1873.			
Oct.	6.	Cash checks	$1,029 65
"	6.	T. S. Scott, collection	347 92
"	6.	Alcus, Scherck & Autey	341 23
"	6.	R. A. Chiapella	1,825 40
"	8.	Brown, on account and interest	148 95
"	8.	I. Bloom	1,059 94
"	9.	I. Bloom & Co., on ac't and int	1,016 05
"	10.	J. U. & H. M. Payne & Co	322 43
"	10.	A. DeGeorges	1,200 00
"	11.	Pearce & Waters	5,000 00
"	11.	Farly, Bright & Co	455 00

	Oct.	11.	Wolf & Marks, on account and int	1,263 65
	"	13.	F. Ayala	854 50
	"	13.	Rawlins & Murrell	358 35
	"	13.	W. Morrison & Co., on ac't and int	305 34
	"	13.	F. Camerden, on account and interest	471 36
	"	14.	64 days' int. on A. Poincy's note, $8,500, extended	120 89
	"	15.	Warren, Atkinson & Co., on ac't & int	1,625 89
	"	16.	Queyrouze & Bois on ac't and int	480 77
	"	16.	C. Mehle & Co	600 00
	"	16.	Warren, Atkinson & Co	415 60
	"	16.	W. W. Smith	581 72
	"	17.	R. Causse, agent	434 65
	"	18.	D. Urquhart	310 16
	"	18.	Levy & Scheur	3,000 00
	"	18.	N. Bauer	438 13
	"	20.	J. U. & H. M. Payne & Co	412 22
	"	20.	J. Woods, on account	139 40
48	Oct.	20.	64 days' interest on J. Rocchi's note for $7,000, extended	$1,178 70
	"	21.	L. Samuel	200 00
	"	23.	Davidson, Hill & Co., on ac. and int	307 70
	"	23.	J. Moriarty, on account and int	102 00
	"	23.	J. A. Stouze, on ac't and int	221 89
	"	23.	J. K. Collins & Bro., on ac't and int	231 50
	"	23.	Wackerbarth & Joseph, on ac't and int	211 38
	"	24.	Spencer Field	500 00
	"	27.	Beadles, Wingo & Co	391 62
	"	28.	A. Levy, on account and int	160 23
	"	28.	E. Traub, on account and int	204 47
	"	28.	Thompson & Bro., on account and int	207 78
	"	28.	U. Larousinni	1,940 00
	"	29.	Bodet & Gueydan Frères, on acc't & int	425 00
	"	29.	Interest on same	7 55
	"	30.	T. McGinnis	3,500 00
	"	31.	Peel & Reid	1,010 00
	"	31.	Marquez & Co	4,000 00
	Nov.	3.	E. Peurch	2,000 00
	"	3.	F. A. Gonzales, on account and int	741 11
	"	3.	A. Tertrou, on account and interest	1,030 22
	"	3.	Wackerbarth & Joseph	3,383 71
	"	4.	J. U. & H. M. Payne & Co	559 39
	"	4.	Batchelor & Hathorn, on acc't and int	100 00
	"	4.	Warren, Atkinson & Co	300 00
	"	5.	Hoffman & Marks, on acc't and int	357 60
	"	5.	J. Sporr, gold, $1,029.42, sold at 109¼	1,124 59
	"	6.	P. Macou & Co	1,000 00
	"	7.	G. Pascal & Co	1,000 00
	"	7.	Prestidge, Graham & Co	4,000 00
	"	8.	Ball & Lyons	528 30
	"	8.	Richardson & May	994 59
49	Nov.	10.	C. L. Walmsley & Co	$337 16
	"	10.	J. A. Brown, on account and interest	102 30
	"	10.	I. Bloom & Co., on acc't and int	539 16
	"	11.	John I. Adams & Co., gold, $2,250, sold at $109.50	2,463 75
	"	12.	Webster & Co., gold, $1,521.35, sold at 110¼	1,677 29

Nov.	12.	Herman & Vignes		274 15
"	12.	C. F. Johnson & Co		3,500 00
"	12.	J. Bethancourt, on account and int		639 17
"	12.	P. Aldigé, on account and interest		511 33
"	12.	J. Burnett & Co		650 15
"	15.	Forcheimer & Haber		12,500 00
"	15.	Smith & Goldsmith		12,500 00
"	15.	F. Camerden		900 00
"	15.	Winston Morrison, on acc't and int		203 78
"	17.	*Cash received for $30,000, 7 per cent. city gold bonds, sold at 53¼, less ½ brokerage		15,825 00
"	17.	R. Dumestre		600 00
"	18.	Warren, Atkinson & Co		800 00
"	18.	A. Roos		3,000 00
"	18.	Hart, Hilborn & Co., on acc't and int		2,606 67
"	18.	Queyrouse & Bois, on acc't and int		477 26
"	18.	Warren, Atkinson & Co., on acc't & int		869 27
"	18.	*Received for $17,000 slaughter-house bonds, sold at 60, less ½ per cent. brokerage		10,115 00
"	19.	R. W. Adams		300 00
"	22.	P. S. Wiltz, on account and interest		1,030 22
"	24.	J. Wood, on account and interest		153 67
"		Wackerbarth & Joseph		620 10
50 Nov.	24.	Alcus, Scherck & Autey		$500 00
"	24.	Queyrouze & Bois, on acc't and int		2,000 00
"	25.	J. D. Hill, on acc't and int		243 04
"	25.	J. K. Collins, on account and int		255 95
"	25.	J. A. Stouze, on account and int		203 10
"	28.	Wolf & Brother		1,250 00
"	28.	Flash, Lewis & Co., gold, $5,738.83, sold at 110¼		6,327 05
"	29.	Smith & Goldsmith		25,000 00
Dec.	1.	Levy & Haas		247 07
"	1.	E. Traub, on account and interest		202 80
"	1.	A. Levy, on account and interest		151 57
"	1.	Thompson Bros., on account and int		305 29
"	1.	T. Robinson, on account and int		305 29
"	1.	Hoffman, Marks & Co	$1,000 00	
		Less 7 days' interest	1 56	998 44
"	2.	J. G. Spor, (gold)	1,029 42	
		Less 4 days' interest	90	
			1,028 52	
		Sold at 109½		1,126 22
"	6.	Wackerbarth & Joseph, on acc't & int		2,255 79
"	6.	F. A. Gonzales, on acc't and int		511 67
"	6.	A. Tertrou		4,000 00
"	8.	P. S. Wiltz, on acc't and interest		1,287 78
"	9.	Hawthorne & Batchelor, pro fee		205 02
"	13.	J. A. Brown, on account and int		151 14
"	15.	I. Bloom, on account and int		404 37
"	16.	Foley, Conger & Co., on acc't		2,019 31
"	16.	P. Aldigé & Co., on acc't and int		210 11
"	16.	J. Bethancourt, on acc't and int		479 60
"	16.	A. Poincy, on account and interest		615 56

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* These two items marked thus* embrace all sales.

	Nov. 19.	Winston, Morrison & Co		500 00
51	Dec. 20.	Warren Atkinson, account and int		$862 84
	" 20.	Queyrouse & Bois		1,400 00
	" 26.	Interest on $14,000, P. S. Wiltz, extended		30 20
	" 26.	J. Wood, pres't		270 00
	" 27.	Queyrouse & Bois		1,908 76
	" 30.	Foley, Conger & Co., balance		8,482 45
	" 29.	J. A. Stouze		400 00
	" 29.	J. D. Hill		712 50
	" 29.	J. K. Collins & Bro		250 00
	" 31.	D. Pochelu	$2,500 00	
		Prot	3 50	
		Int	17 20	
				2,520 70
	1874.			
	Jan. 3.	T. Robinson		700 00
	" 3.	Thompson Bros		700 00
	" 2.	A. Levy		200 00
	" 3.	E. Traube		375 00
	" 9.	F. A. Gonzales, on account and int		507 56
	" 9.	Wackerbarth & Joseph		1,444 44
	" 10.	F. & G. Braud		600 00
	" 15.	J. A. Brown		150 00
	" 17.	I. Bloom & Co		1,186 84
	" 19.	P. Aldigé, on account and int		208 31
	" 20.	Hart, Hilborn & Co., on acc't and int		2,537 78
	" 20.	J. Wood and st'r La Belle		1,500 00
	" 22.	Warren, Atkinson & Co		1,700 00
	" 28.	P. S. Wiltz, on account and interest		526 00
				$213,703 11

52

EXHIBIT H.

Clearing house certificates paid and redeemed.

1873.		Banks the holders of certificates to whom	
Oct. 21..	Paid and redeemed from	Canal Bank	$24,000 00
" 29..	" " " "	Germania Nat'l Bank	1,000 00
" 29..	" " " "	N. O. National Bank	3,000 00
" 29..	" " " "	Hibernia Nat'l Bank	3,000 00
Nov. 4..	" " " "	Germania Nat'l Bank	15,000 00
" 12..	" " " "	Canal Bank	14,000 00
" 15..	" " " "	Hibernia Nat'l Bank	1,000 00
" 15..	" " " "	Germania Nat'l Bank	20,000 00
" 15..	" " " "	Louisiana Nat'l Bank	10,000 00
" 15..	" " " "	Teutonia Nat'l Bank	1,000 00
" 17..	" " " "	Louisiana Nat'l Bank	17,000 00
" 17..	" " " "	Union Nat'l Bank	2,000 00
" 18..	" " " "	Louisiana Nat'l Bank	6,000 00
" 19..	" " " "	Louisiana Nat'l Bank	10,000 00
" 25..	" " " "	People's Bank	5,000 00
" 29..	" " " "	Canal Bank	5,000 00
" 29..	" " " "	People's Bank	8,000 00
" 29..	" " " "	Mutual National Bank	2,000 00
" 29..	" " " "	Citizens' Bank	6,000 00

Nov. 29..	Paid and redeemed from Bank of America.....	1,000 00
" 29..	" " " " Union National Bank.	15,000 00
Dec. 2..	" " " " People's Bank........	1,000 00
		$170,000 00

Paid interest on clearing house certificates from 25th Oct., 1873, and fees for protesting pledged assets............	508 13
Total paid out of sales and collections of pledged assets..	$170,508 13

Collections and sales, total per Exhibit G................	$213,703 10
Am't certificates paid interest and protest fees...........	170,508 13
Rendered in proceeds, sales, and collections............	$43,194 98

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Exhibit I.

Clearing house certificates outstanding and unpaid.

No.	21,	dated Sept. 26th,	1873,	for........................	$5,000 00
"	88,	" Oct. 1st,	"	"	5,000 00
"	51,	" Sept. 29th,	"	"	5,000 00
"	24,	" " 26th,	"	"	1,000 00
"	54,	" " 27th,	"	"	1,000 00
"	56,	" " 27th,	"	"	1,000 00
"	95,	" " 30th,	"	"	1,000 00
"	99,	" " 30th,	"	"	1,000 00
"	148,	" Oct. 3d,	"	"	1,000 00
					$21,000 00

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Exhibit J.

Uncollected assets on hand. Unmatured and unpaid on hand:

A. Poincy..	$8,000 00
F. A. Gonzalez......	1,000 00
P. Aldigé..	1,100 00
P. S. Wiltz & Co......................................	3,500 00
E. S. Wurzburger	2,800 00
N. W. Hays & Co	400 00
J. Moriarty and protest................................	266 45
A. L. Tissot...	300 00
Bodet, Guydam Frères and protest.....................	1,003 50
John Rocchi and collaterals............................	7,000 00
A. Lastrapes and protest..............................	5,003 00
J. Bethancourt and protest............................	1,409 75
M. Bredig & S. Miller and protest.....................	1,814 50
Hart, Hilburn & Co....................................	5,000 00
F. & G. Braud...	600 00
	$30,197 20

10 bonds of Mechanics' and Agricultural Fair Association, of $1,000 each.

55 *Replication to answer of defendants.—Filed March 2d, 1874.*

Circuit court of the United States, 5th circuit and district of Louisiana.
In equity.

JOHN COCKREM, RECEIVER OF THE NEW ORleans National Banking Association,
vs.
GEO. JONAS ET ALS.
} No. 7069.

The replication of John Cockrem, receiver of the New Orleans National Banking Association, complainant, to the answer of George Jonas Patrick Irwin, and Louis Schneider, defendants.

This replicant, saving and reserving unto himself now and at all times hereafter all and all manner of benefit and advantage of exception which may be had or taken to the manifold insufficiencies of the said answer, for replication thereunto says that he will aver, maintain, and prove his said bill of complaint to be true, certain, and sufficient in law to be answered unto, and that the said answer of the said defendants is uncertain, untrue, and insufficient to be replied unto by this replicant.
56 Without this, that any other matter or thing whatsoever in the said answer contained material *of* effectual in the law to be replied unto, and not herein and hereby well and sufficiently replied, unto, confessed or avoided, traversed or denied, is true.

All which matters and things this repliant is and will be ready to aver, maintain, and prove as this honorable court shall direct, and humbly prays as in and by his said bill he has already prayed.

(Signed) J. D. ROUSE,
Sol'r for Complainant.

Entry at March rules, 1874.—Extract from chancery order-book, March 2d, 1874.

JOHN COCKREM, REC'R,
vs.
GEORGE JONAS ET ALS.
} No. 7069.

The complainant, by his solicitor, J. D. Rouse, has this day filed his replication to the defendants' answer.

Motion and order extending time for proof.—Extract from the minutes of April term, 1874.

57 NEW ORLEANS, *Tuesday, June 23d*, 1874.

Court met pursuant to adjournment.
Present, Hon. E. H. Durell, dist. judge.

JNO. COCKREM, REC'R,
vs.
L. SCHNEIDER ET AL.
} No. 7069.

On motion of J. R. Beckwith and J. D. Rouse, solicitors for complainant, and on suggesting to the court that negotiations for the settlement of the matter in dispute in this cause have been pending since the filing of the replication herein, and are still pending, it is ordered that the time within which the proofs and evidence in this cause may be taken be, and hereby is, extended until the first Monday in December next, 1874.

Agreement extending time for taking testimony.—Filed Jan'y 4th, 1875.

United States circuit court.

JOHN COCKREM, REC'R OF N. ORLEANS NATIONAL B'K'G ASSOCIATION,
vs. } No. 7069.
LOUIS SCHNEIDER ET ALS.

58 It is hereby agreed that the time for taking testimony herein be enlarged and extended to the first Monday of February, 1875.

(Signed) J. D. ROUSE,
Sol'r for Compl't.
" FINNEY & MILLER,
For Defendants.

Notice.—Filed January 25th, 1875.

United States circuit court, district of Louisiana.

JOHN COCKREM, REC'R,
vs. } No. 7069.
LOUIS SCHNEIDER ET ALS.

The defendants in the above-entitled cause are hereby notified that on Monday next, the 25th day of January, 1875, at 11 o'clock a. m., or as soon thereafter as counsel can be heard, Nicholas W. Casey will apply to said court for leave to file his supplemental bill of complaint, praying to be substituted as complainant in said suit in lieu of John Cockrem, to whom he has succeeded as receiver of said New Orleans National Banking Association.

N. Orleans, Jan'y 23d, 1875.
(Signed) J. D. ROUSE, *Solicitor.*

59 Received a copy of above notice.
January 23d, 1875.
(Signed) FINNEY & MILLER,
Sol'rs for Def'ts.

Motion to appoint a receiver.—Entered and filed Jan'y 27th, 1875.

UNITED STATES OF AMERICA:

Circuit court of the United States, fifth circuit & district of Louisiana.
November term, A. D. 1874.

NEW ORLEANS, *Wednesday, 27th day of Jan'y*, 1875.

Court met pursuant to adjournment.
Present, the Hon. W. B. Woods, circuit judge.

JNO. COCKREM, REC'R, &C.,
vs. } No. 7069.
LOUIS SCHNEIDER ET ALS.

On motion of J. R. Beckwith and J. D. Rouse, solicitors for complainant, it is ordered that the motion for the appointment of a receiver in this case be fixed for hearing on Thursday next, the 28th instant, at 11 a. m., and that defendants be notified hereof.

CLERK'S OFFICE.

I certify the foregoing to be a true copy from the original record in this office.

60 Witness my hand and the seal of said court, at the city of New Orleans, this 27th day of January, 1875.

[SEAL.] (Signed) F. B. VINOT,
D'y Clerk.

Marshal's return.

Received January 27th, 1875, by the U. S. marshal, and on the 28th day of January, 1875, served a copy hereof on Louis Schneider et als. by handing it to H. C. Miller, of the firm of Finney & Miller, att'ys for Schneider et als., in person in this city.

(Signed) C. R. STEELE,
D'y U. S. Marshal.

Supplemental bill substituting N. W. Casey as complainant and order.—Filed January 28th, 1875.

United States circuit court, district of Louisiana.

JNO. COCKREM, REC'R OF THE N. ORLEANS National B'k'g Association,
vs.
LOUIS SCHNEIDER ET ALS.
No. 7069.

To the honorable the judges of said court:

61 This supplemental bill of complaint exhibited by Nicholas W. Casey against the defendants, Louis Schneider, George Jonas, and Patrick Irwin, respectfully shows:

That heretofore, to wit, on the day of November, A. D. 1873, the said John Cockrem, then being receiver of the New Orleans Banking Association, exhibited against said defendants and filed in said court his original bill of complaint, setting forth and alleging that certain bills, notes, securities, and asse*tt*s, the property of said association, which are more particularly described in the exhibit F, attached to said bill, were in the joint custody and control of the said defendants, who refused to deliver the same to complainant, praying process of subpœna against each of said defendants, and for a writ of injunction pendente lite restraining them and each of them from disposing of such asse*tt*s contrary to the prayer of said bill of complaint, said injunction to
62 be made perpetual on final hearing.

And said complainant further prayed "that after due proceedings had your honors do further adjudge, decree, and order the said defendants, each and all of them, to render a full, true, and correct discovery, statement, and account of all and singular of said bonds, notes, asse*tt*s, and securities so received by them since the 24th day of September, 1873, as well as all and singular the proceeds thereof in money or other valuable things which may have come into their possession, or the possession of either of them, from the redemption, payment, sale, or exchange thereof, and that they may collectively and severally be ordered to deliver the same to your orator, to be marshaled with the assetts of said New Orleans National Banking Association, and administered by your orator in his said capacity in the manner directed by law, and for the general benefit of all the creditors thereof in the order in which the law directs that the same shall be paid."

63 And said complainant prayed such other and further relief in the premises as the circumstances of the case may require and to this honorable court shall seem meet.

And afterwards said defendants filed their joint answer to said bill of complaint, and said complainant filed his replication to their said answer.

And the said Nicholas W. Casey further shows that since the said suit was put at issue the said John Cockrem resigned his office as receiver of the New Orleans National Banking Association and ceased to be such receiver, and that thereupon he, the said Nicholas W. Casey, having been duly appointed thereto by the Comptroller of the Currency, and qualified as such, became and now is receiver of said banking association, and in the full and lawful discharge of his duties as such, and that said suit is still pending and undetermined in said court.

64 Wherefore the said Nicholas W. Casey prays that he may be substituted for the said John Cockrem herein in his official capacity as aforesaid as complainant, and that he may have the benefit of the said suit and the proceedings therein against the said defendants, and the same relief and decree against them as the said Cockrem might have had, (the prayer of his said bill being hereby adopted,) and such other and further relief as the nature of the case and equity and good conscience may require.

And he will ever pray, &c.

(Signed) J. D. ROUSE,
Sol'r for Compl't.
J. R. BECKWITH,
Sol'r for Compl't.

Order.

Let the within supplemental bill be filed, and let Nicholas W. Casey be substituted for "John Cockrem, receiver," as complainant in the within-entitled cause, and have the benefit of the proceedings therein, and the same relief and decree against the defendants as the said John Cockrem might have had, as prayed for.

65, 66 New Orleans, January 28th, 1875.
(Signed) W. B. WOODS, *Judge.*

Order enlarging time to take testimony and appointing examiner.—Entered & filed January 28th, 1875.

United States circuit court, fifth circuit and district of Louisiana.

JNO. COCKREM, REC'R, *vs.* SCHNEIDER ET ALS. } No. 7069.

Upon suggestion that in this suit it has been necessary to file supplemental bills of complaint, substituting N. W. Casey as complainant, and that owing to the absence of a judge of this court the necessary order therefore could not be obtained, on motion of solicitors for complainant it is ordered that the time for taking evidence in said suit be enlarged and extended to the first Monday in March. And it is further ordered that F. A. Woolfley, esq., be appointed special examiner therein under the 67th rule as amended, to take the depositions of the witnesses therein.

67 *Testimony for complainant.—Filed May 22d,* 1875.

United States circuit court, fifth circuit, district of L'a, in equity.

JOHN COCKREM, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION, *vs.* LOUIS SCHNEIDER ET ALS.	No. 7069.

Testimony taken on behalf of complainant before F. A. Woolfley, commissioner of the circuit court of the United States, this 26th day of January, 1875.

Present, J. D. Rouse and J. R. Beckwith, esqrs., for complainant; John Finney, esq., for defendants.

It is hereby agreed by all the solicitors present that in the absence of the judges this testimony be taken before F. A. Woolfley, commissioner of the circuit court of the United States, as if an order of court had been made and entered to that effect.

HENRY BLACHE, a witness produced, sworn, and examined on behalf of complainants, deposes and says:

By M'r Rouse:

Ques. You were the cashier of the New Orleans National Banking Association?

Ans. Yes, sir; from November, 1872, to the time of its failure, on the 4th October, 1873.

68 Ques. When did the New Orleans National Banking Association suspend the currency payment of its checks?

Ans. On the morning of the 25th September, 1873, the banking association cashed only hundred-dollar checks, and the next morning, September 26th, twenty-five-dollar checks.

Ques. Was this suspension of payment the result of any conference or combination between any other banks?

Ans. Yes, sir; it was a combination between a majority of the banks here, with the exception of one or two.

Ques. Will you name the banks, if any, that continued to make payment of their checks after that date?

Ans. The Mechanics' & Traders' Bank, the Southern Bank, and the Workingmen's Accommodation Bank. I believe that is all.

Ques. How long did they continue to pay their checks, or did they suspend payment of their checks at any time, these three banks that you have named?

Ans. They never suspended.

Ques. What was the condition of the New Orleans National Banking Association as to its ability to pay its current obligations on the 25th September, 1873?

Ans. That day the bank had no current funds, with the exception of a few hundred dollars in gold, some fractional currency, and small notes, amounting altogether, as appears by the statement-book of the bank, to about $5,000.

Ques. Did that statement-book of the bank show the true amount of the cash on hand?

Ans. No, sir; it showed what ought to have been there, but there was a deficit in the cash of several thousand dollars.

69 Ques. Was the deficit less or more than the apparent cash balance, according to the books?

Ans. It was more than the amount of the cash balance.

Ques. What was the balance in the exchange from other banks against the New Orleans National Banking Association on the morning of the 25th September, 1873?

Ans. It was $51,000, as far as I can recollect.

Ques. What were the balances on the morning of the 24th September against it?

Ans. $19,000.

Ques. State how this balance arose, and when, and the nature of the exchanges between the banks.

Ans. These balances resulted from the exchanges of checks with other banks.

Ques. That is, the other banks held more checks?

Ans. On our bank than we held on theirs.

Ques. How did you settle the adverse balances on the 24th September?

Ans. We must have borrowed money from some of the banks. We borrowed from the Canal Bank on the 24th September $5,000, and I believe from M'r Pike, also of Pike, Brother & Co., $5,000, and there was outstanding a cashier's check of $25,000, due to the Union National Bank.

Ques. Were any other cashiers' checks outstanding at the time?

Ans. There was one check of $10,000, issued on the 24th September in favor of A. Luria, cashier of the Louisiana National Bank.

Ques. What was the occasion for this drawing of cashiers' checks?

70 Ans. The bank had no funds to pay the balances of exchange against it, and we gave a check in payment.

Ques. Had you been issuing many such checks prior to the 24th September, 1873?

Ans. Yes, sir; very often.

Ques. Can you produce these checks, or any of them?

Ans. No, sir; the checks were destroyed, but I have got the check-book.

Ques. Can you produce the check-book?

Ans. Yes, sir.

Witness being shown a statement from the check-book, is asked:

Ques. Can you designate which stubs represent the cashier's checks which went as loans to the banking association, commencing September 12th?

Ans. Yes, sir; the check of A. Luria, cashier, dated September 12th, for $30,000, was borrowed money.

Ques. State what bank A. Luria was cashier of.

Ans. Cashier of the Louisiana National Bank.

Ques. What year was that?

Ans. 1873.

The check dated September 22d, 1873, to the order of A. Luria, cashier, for $20,000 was again borrowed money.

On the same date the check to the order of James Chalaron, cashier of the Union National Bank, for $25,000, was borrowed money.

Ques. When was that check paid or taken up?

Ans. The check of James Chalaron was passed in the clearing-house on the 26th September, 1873.

The check dated September 23d, 1873, to the order of A. Luria, cashier, for $20,000, was borrowed money.

71 Another check to the order of A. Luria, cashier, dated September 24th, 1873, for $10,000, was also borrowed money.

The check dated September 24th, 1873, to the order of C. Jumonville, cashier of the Canal Bank, for $5,000, was also borrowed money.

The check dated September 24th, 1873, to the order of Pike, Brother & Co., for $5,000, was also borrowed money.

Ques. State what the business of Pike, Brother & Co. was.

Ans. Pike, Brother & Co. were bankers in this city and members of the clearing-house.

Another check dated September 25th, 1873, to the order of Pike, Brother & Co., for $5,000, was borrowed money, cleared on the 27th September.

The check of September 25th, 1873, to the order of the Citizens' Bank, for $5,148.62, was in payment of the clearing-house balance for that day.

The check dated September 25th, 1873, to the order of the Bank of America, for $3,110.25, was for a balance of exchanges.

Complainant here offers in evidence the check-book of the New Orleans National Banking Association, copies of all the stubs above-enumerated to be furnished, verified by the commissioner, and marked as "Exhibit A A 1."

Ques. Did you draw these checks yourself?

Ans. Yes, sir; I did.

Ques. State how they were drawn, or upon whom.

Ans. They were drawn on the bank.

Ques. By yourself as cashier?

Ans. By myself as cashier.

72 Ques. State who these checks were drawn on.

Ans. On our own bank.

Ques. Were these stubs filled up in your own handwriting?

Ans. Yes, sir.

Ques. And at the time the checks were drawn?

Ans. Yes, sir.

Ques. When was the check for $25,000 drawn in favor of James Chalaron, cashier of the Union National Bank, paid, and in what manner?

Ans. It was paid on the 26th of September, by a deposit of notes of the portfolio of the bank, in the New Orleans clearing-house.

Ques. When was the check of September 24th, 1873, in favor of A. Luria, cashier, for $10,000, paid, and in what manner?

Ans. I do not know exactly the dates, but it could not have been before the 25th September or some time after that. It was paid in the same way as the Union Bank was paid. It was paid in bills receivable.

Ques. The check of C. Jumonville, dated September 24, 1873, for $5,000, cashier of the Canal Bank, how was that paid?

Ans. Paid in the same way, on the 25th.

Ques. The check of Pike, Brother & Co., dated September 24, 1873, for $5,000, how was that paid?

Ans. Paid in the same way.

Ques. What date ?

Ans. The 26th.

Ques. The check of Pike, Brother & Co. for $5,000, dated September 25th, how was that paid ?

A. There was only one check given to Pike, Brother & Co. for
73 $5,000. There are two checks numbered there, but I will explain
that. The first check we gave came the next morning in the exchanges, and instead of paying cash, another check of the cashier was given in its place.

Ques. How was that second check paid ?

Ans. That second check was cleared on the 26th September. They kept it one day, because I recollect that currency for it was given to the bank; the understanding was that currency should be returned to each bank giving it, but we did not dare to return the currency. That check is dated the 24th September, but it was cleared on the 26th.

Ques. How was the check dated September 23d, in favor of the Citizens' Bank for $5,148.62, paid ?

Ans. Through the clearing-house.

Ques. How was the check dated September 25th, 1873, in favor of the Bank of America for $3,110.25, settled ?

Ans. It was settled in the same way.

Ques. Shortly prior to the 25th of September, 1873, was the New Orleans National Banking Association selling any exchange ?

Ans. Yes, sir.

Ques. Did it sell any ?

Ans. Yes, sir; it sold some few bills.

Ques. Did it sell any to any of the other banks of New Orleans ?

Ans. Yes, sir

Ques. Can you state what exchange was disposed of to other banks of New Orleans just prior to the 25th September, the amounts and the
names of the banks purchasing it ?

74 Ans. On the 17th September, 1873, we sold $20,000 to the
Canal Bank. On the 19th September, 1873, we sold $10,000 to the Union National Bank, and $10,000 to the Mechanics and Traders' Bank.. On the 22d September we sold to the T*ue*tonia National Bank $5,000, and on the 23d September we again sold to the T*ue*tonia National Bank $5,000, and on the 24th September, $5,000 more to the Union National Bank.

Ques. What kind of exchange was this ?

Ans. It was sight-exchange on the National Park Bank of New York.

Ques. Can you give the amount of the balances to the credit of the directors of the bank, or a statement of each director, or member of the board on the 24th of September, 1873 ?

Ans. Yes, sir. C. Cavaroc & Son on the 24th of September had a balance of $73,000.

Ques. What position in the bank had Mr. C. Cavaroc ?

Ans. He was president.

Ques. What balance had he to his credit on the 4th October, 1873, when the bank failed ?

Ans. $2,430.63.

Ques. What balance had E. F. Mioton to his credit on the 24th September, 1873 ?

Ans. He had $568.

Ques. What balance had he to his credit on the 4th October, 1873, on the failure of the bank ?

Ans. He had $20.93.

Ques. Was he a director ?

Ans. Yes, sir.

Ques. What balance had J. Aldigé to his credit on the 24th September, 1873 ?

75 Ans. His account was overdrawn $48.

Ques. Had he any balance to his credit on the 4th of October?

Ans. No, sir.

Ques. What connection had he with the bank ?

Ans. He was a director.

Ques. What balance, if any, had S. Cambon & Co. to their credit on the 24th September, 1873 ?

Ans. They had $1,727.

Ques. What balance had they to their credit on the 4th of October, when the bank failed ?

Ans. They were overdrawn $71.

Ques. Had any member of that firm any connection with the bank ?

Ans. S. Cambon was a director.

Ques. What credit had Charles De Ruyter, a director, on the 24th September, 1873 ?

Ans. He had $1,873.

Ques. What credit had he on the 4th of October ?

Ans. On the 4th October he had $1,097.

Ques. What credit had Frank, Haas & Co. on the 24th September, 1873 ?

Ans. $2,500.

Ques. What was their condition on the 4th of October ?

Ans. They were overdrawn $648.

Ques. Was any one of that firm a director in the bank ?

Ans. Leon Haas was. He was one of the partners.

Ques. What credit had A. Tertrou on the 24th September, 1873 ?

Ans. $2,000.

76 Ques. How did his account stand on the 4th October, 1873 ?

Ans. He had $30 to his credit.

Ques. How did the account of John Rocchi stand on the 24th of September, 1873 ?

Ans. He had $121 to his credit.

Ques. How does his account stand on the 4th October, 1873 ?

Ans. It is balanced; there is nothing left.

Ques. Were all these persons whom you have mentioned directors of the bank ?

Ans. Yes, sir.

Ques. How were these accounts of the directors generally reduced during the period from September 24th, 1873, to the 4th of October, as stated by you ?

Ans. Most all of them withdrew their balances.

Ques. Can you state in what manner their balances were withdrawn ?

Ans. By checks on the bank through the clearing-house.

Ques. Did you adhere to the regulation requiring you to pay checks only through the clearing-house in amounts not exceeding $25, or did you pay checks in cash on the 24th September in amounts exceeding $25 ?

Ans. I do not recollect exactly. I may have passed one or two checks, but I believe they were generally paid through the clearing-house. There may have been one or two exceptions, where parties got more than $25.

Ques. What would have been the effect upon the bank, on the 25th September, if arrangements had not been made to secure the balances by a deposit of securities to clear its checks through the clearing-house?

77 Ans. I believe the bank would have been compelled to suspend.

Ques. Did the bank have any difficulty in providing the necessary securities to obtain clearing-house certificates during the ten days following the arrangement?

Ans. Yes, sir; we had to get it from M'r Cavaroc's portfolio, or purchase from M'r Cavaroc some of his bills receivable, which we pledged to the clearing-house and gave in exchange others that belonged to the bank, which were not in our hands then; they were in transit from Europe. The bank being short of available paper to offer to the clearing-house, purchased from C. Cavaroc & Son notes, bills, and bonds which were pledged to the clearing-house, that is, after they were purchased from M'r Cavaroc. Some of these notes and bills, I believe, were already pledged before they were purchased, but these were borrowed.

Ques. Did you resort to other devices as long as you had acceptable bills in your portfolio, that you could pledge to the Clearing-House Association?

Ans. No, sir; soon after we had gotten all the paper that we could, we resorted to buying or borrowing from M'r Cavaroc.

Ques. Describe the method in which the clearings were effected.

Ans. A bank would go to the clearing-house and ascertain the balance of exchange against our bank, and the manager of the clearing-house issued his check on our bank in favor of the creditor bank. As soon as this check was received, or at least the amount of the exchange against the bank was ascertained, M'r Cavaroc took from the portfolio of

78 the bank notes in a sufficient amount to cover these balances of exchange, leaving a margin of twenty-five per cent. in favor of the clearing-house. The clearing-house certificates were then issued in favor of our bank in sums of thousands and five thousands, and with these we paid the different banks which held the checks of the manager against our bank.

Ques. To whom were these certificates delivered? Give the names of the parties.

Ans. I do not know what was done by the president all the time.

Ques. Who were acting as trustees in the matter?

Ans. Mess'rs Schneider, Irwin and Jonas were acting as trustees.

Ques. Were any of these certificates delivered to other parties than to banks or bankers?

Ans. Not that I know of.

Ques. Who kept the minutes of the meetings of the board of directors of the New Orleans National Banking Association during the summer and fall of 1873?

Ans. I did.

Ques. Can you produce the same?

Ans. Yes, sir.

(Witness now produces the book containing the said minutes, and complainant offers in evidence all the minutes of the meetings of the board of directors, commencing on page 59, under date of August 14, 1873, to page 66, including the meeting of October 4, 1873, marked "Exhibit A A 2;" and it is agreed that the commissioner should certify said copies of said minutes to be annexed to the deposition of the witness, Henry Blache, the originals to be produced hereafter, whenever called for by either party.)

79 Ques. Are you acquainted with the signature of C. Cavaroc, president of the New Orleans National Banking Association?

Ans. Yes, sir; I am.

Ques. Will you examine the signature to these several minutes introduced and see if it is the same?

Ans. Yes, sir; it is.

(Defendants admit the signature of C. Cavaroc affixed to the minutes to be genuine.)

HENRY BLACHE.

Subscribed and sworn before me January 26th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

Adjourned to March 5th, 1875.

NEW ORLEANS, *March 9th*, 1875.

Present, J. D. Rouse & J. R. Beckwith, for complainant.
" John Finney, for defendants.

Testimony of Henry Blache resumed.

By M'r Rouse:

Ques. Who suggested the agreement entered into on the 25th September, 1873, for the issue of clearing-house certificates?

Ans. I believe M'r Cavaroc did.

Ques. Do you know whether he was an advocate of it, or more vigorous than others in his advocacy?

Ans. Yes, sir; he told me himself that he was going to consult the other bank presidents, to try and have the measure adopted.

Ques. Do you know whether he did make the effort?

Ans. Yes, sir; he did.

80 (Mr. Finney, for defendants, objects to the above as hearsay.)

Ques. How was the balance in the clearing-house as regards the New Orleans National Banking Association on the 22d September, 1873?

Ans. It was $60,572.74 against the bank.

Ques. Which way was the balance and what amount on the 23d September, 1873?

Ans. On the 23d September, 1873, it was $17,632.67 against the bank.

Ques. During the period of suspension under the agreement of September 25th, were any checks cleared through the clearing-house drawn by depositors of the New Orleans National Banking Association in excess of the amount as then stood to the credit of such drawer?

Ans. Yes, sir; the house of Frank, Haas & Co. drew a check of $1,000 on the 30th September, 1873, which was cleared on the 1st October, while they had only $200 to their credit.

Ques. How was this check settled for with the clearing-house?

Ans. It was settled for by a deposit of collaterals.

Ques. With whom?

Ans. With the clearing-house.

Ques. The clearing-house trustees, these defendants?

Ans. Yes, sir

Ques. Can you state any other instance of an overdraft being cleared?

Ans. No, sir; I do not recollect any other.

81 Ques. Do you know how much unmatured paper came into the hands of the receiver after the failure of the bank?

Ans. Yes, sir; between $65,000 and $70,000.

Ques. What portion of that was of any value?

Ans. About $10,000 or $12,000—no, sir; not so much as that—$5,000 or $6,000.

Ques. Do you know anything about a meeting of bank presidents which took place early in the summer of 1873 to consider the condition of the New Orleans National Banking Association?

Ans. Yes, sir; I know there was a meeting on the first of June, on Sunday.

Ques. Was there any meeting previous to that?

Ans. Yes, sir; two or three days previous to that.

Ques. What was the condition of the bank on the 31st of May, 1873?

Ans. The bank had no funds at all then.

Ques. How did it manage to go on during that day?

Ans. We paid the balances of the clearing-house with a deposit of $25,000, a new account opened by Mr. Clarke that morning.

Ques. What was submitted to the bank presidents who met on the first of June, in relation to the bank?

Ans. I was not present at the meeting, but Mr. Cavaroc took the bank's tickler and the general balance-sheet, for the purpose of exhibiting the same to the presidents.

Ques. What did he say as to the result of that meeting?

(Mr. Finney objects to it as hearsay.)

Ans. He said that the bank was saved, and that the bank presidents had agreed to loan about $300,000.

Ques. How was this loan made?

82 Ans. It was made to the insurance association.

Ques. How did the bank get the benefit of it?

Ans. By the deposit of the money in the bank, by the insurance association.

Ques. Did the bank, early in June, 1873, discount with other banks or bankers any portion of its portfolio?

Ans. I do not now recollect what date it was, but I know it discounted paper with the Bank of America and the Mutual National Bank.

Ques. To what amount?

Ans. $40,000 with the Bank of America, and, as far as I can recollect, about $25,000 with the Mutual National Bank.

Ques. Did the banking association borrow money from other sources?

Ans. Yes, sir; we borrowed $150,000 from the National Park Bank of New York.

Ques. About when?

Ans. The 11th of June, 1873.

Ques. What was the necessity for the bank making these discounts and loans at that time?

Ans. Want of current funds to meet the liabilities and demands upon the bank.

Ques. From whom did these demands principally come?

Ans. From depositors.

Ques. Did the bank loose any of its deposits generally in that month?

Ans. Yes, sir; a considerable amount—$400,000 or $500,000.

Ques. What proportion of the whole amount?

Ans. It was pretty near half.

83 Ques. What would have been the effect of a run upon the bank at that time?

Ans. The bank would have been compelled to close.

Ques. Had you any conversation with the president in regard to its condition during the summer of 1873?

(Mr. Finney objects to the matter as hearsay.)

Ans. Once I had a conversation with him, and he acknowledged that it was in a very desperate condition.

Ques. In what method did it provide dividends for its stockholders, for some considerable time prior to its failure?

Ans. By crediting the interest account with the accrued interest on protested and suspended paper, and charging the suspense account with the same.

Ques. Did it thereby make an apparent profit?

Ans. Yes, sir; the books showed about $60,000 charged up in this way to the "suspense" account, and credited to the "interest" account

Ques. Carried to the credit of "profit and loss?"

Ans. Yes, sir.

Ques. Was the apparent condition of the bank sometimes the result of fictitious checks?

Ans. Yes, sir; once or twice.

Ques. State what such checks were, and the effect of them.

Ans. In two instances I recollect checks to the amount of $50,000 and $100,000, drawn by either C. Cavaroc & Son, or the New Orleans Insurance Association, on some bank of the city where they kept no account, being deposited in our bank for the purpose of swelling the amounts of the deposits and cash.

Ques. What was the object of this?

84 Ans. The main object was to show a better statement to the clearing-house, to whom they made a weekly report of the condition of the bank.

Ques. Were any of the directors overdrawn during the summer of 1873?

Ans. Yes, sir; some were overdrawn for large amounts.

Ques. State the principal ones and the amount of their overdrafts.

Ans. A. A. Mouton was overdrawn about $60,000 and P. S. Wiltz & Co. were overdrawn for $20,000 or $25,000.

Ques. Did the bank procure any assistance from foreign capitalists during the summer of 1873?

Ans. Yes, sir; we borrowed from the Société de Crédit Mobilier of Paris one million of francs, equal to about $220,000.

Ques. What was the result of the exchange operations of the New Orleans National Banking Association—profitable or otherwise?

Ans. It was a loss.

Ques. Were these lossess all carried into the proper accounts?

Ans. Some of them were not. The account of Seignouret Frères shows an amount of $50,000 less than it ought to show.

Ques. Did any of the losses on exchange stand as resources, by reason of the exchange being charged to the parties?

Ans. Yes, sir; there were about $150,000 charged to "banks and bankers" which are worthless.

Ques. Did you make a statement of the losses of the New Or-
85 leans National Banking Association, (Exhibit A 29,) which was
offered in connection with your evidence given in the case of Cockrem, receiver, vs. Société de Crédit Mobilier?

Ans. I did.

Ques. Please examine this statement and see if it is the same.

Ans. Yes, sir; it is.

Ques. Is that a correct account of the losses of the bank?

Ans. Yes, sir; at that time. It is more now, a great deal.

Ques. You mean it is the correct account of the loss on the 30th of June, 1873, that statement?

Ans. Yes, sir.

(Complainant offers the statement referred to in evidence, marked "A A 3.")

Ques. Was there any pretended hypothecation of the portfolio of the bank to secure loans which had been made or indebtedness incurred during the summer of 1873?

Ans. Yes, sir.

Ques. Other than to the clearing-house?

Ans. Yes, sir.

Ques. Is that the reason why there was only about $70,000 of unmatured paper left at the time of the failure of the bank in its possession which came into the hands of the receiver?

Ans. Yes, sir; that is the reason.

Ques. Why was this $65,000 or $70,000 of unmatured paper not hypothecated also through the clearing-house?

Ans. Because they would not accept it.

Ques. Then you had no available paper at the time of the suspension?

86 Ans. No, sir.

Ques. Can you furnish the statement-book of the New Orleans National Banking Association?

Ans. Yes, sir.

(Witness here produces the book, and complainants offer in evidence the statements therein contained for September 23, 24, 25, 26, 27, 29, and 30th, and October 4th and 6th. Whereupon it is agreed that copies of the same be furnished, verified by the commissioner, in lieu of the originals, marked "Exhibits A A 4.") (A 31 in 7064.)

Ques. Were there any statements entered in said book for October 1st, 2d, or 3d?

Ans. No, sir; I do not see any.

Ques. The statement of October 4th shows $65,000 on local banks on hand; will you explain how that item was absorbed?

Ans. It was absorbed by the checks of other banks on ours.

Ques. Absorbed by exchange of checks drawn against you?

Ans. Yes, sir. On October 4th there was a balance of $3,000 in our favor.

Ques. On the statement of October 6th there appears to be $51,000 in checks on local banks on hand; how was that item disposed of?

Ans. It was absorbed by exchange of checks, through the clearing-house, from other banks.

Ques. What day's business do each of these statements represent?

Ans. The business of the preceding banking-day.

Ques. The statement of Monday, October 6th, represents Saturday's business, October 4th?

Ans. Yes, sir.

87 Cross examined by M'r Finney:

Ques. When was the last examination made of the affairs of this bank by the official examiner?

Ans. I think it was in the month of April or May before the failure.

Ques. Did he not give the bank a certificate, or paper of some sort, as the result of that examination?

Ans. No, sir; he never did.

Ques. Did he not give you any at all?

Ans. No, sir.

Ques. Did he make his report?

Ans. Yes, sir; to Washington.

Ques. Did he furnish you with a copy of that?

Ans. No, sir.

Ques. Is that published?

Ans. That is published in the papers; yes, sir; but it is not his report. A report of the condition of the bank is published, but his report is not.

Ques. The report made by the bank is published?

Ans. Yes, sir.

Ques. The report made to him by the bank?

Ans. No, sir; the report of the condition of the bank is published. Sometimes the Controller of the Currency calls for a statement of the condition of the bank, and it is published in the papers then; but at the time the examiner came to the bank there was nothing published.

Ques. Nothing published concerning the result of his examination?

Ans. No, sir; but we had a letter from the Controller with regard to that.

Ques. Can you produce that letter?

Ans. Yes, sir. (Witness produces the letter.)

88 Ques. This letter you got from the Controller?

Ans. Yes, sir.

(Defendants offer the letter in evidence, a copy of the same to be furnished, verified by the commissioner. It is dated May 22, 1873, signed by John Jay Knox, Controller of the Currency, and directed to Charles Cavaroc, president of the New Orleans National Banking Association, and marked "Exhibit AA 5.")

Ques. Did you not go on with M'r Aldigé to the Controller of the Currency with a view to obtain the permission of the Controller for the liquidation of the bank by the stockholders?

Ans. Yes, sir.

Ques. Did you carry on any statement of the condition of the bank?

Ans. Yes, sir.

Ques. What has become of that—have you got it?

Ans. Yes, sir; I have it.

Ques. Can you get it now?

Ans. Yes, sir. (Witness produced the statement.) I found this statement since my examination in the other suits brought by the receiver.

(Defendants offer in evidence said statement, marked "Exhibit A A 6.")

Ques. Did you not represent to the Controller that a portion of the capital was left, or that all of it was not gone?

Ans. Yes, sir; I did.

Ques. What statement did you make upon that subject?

Ans. I stated to the Controller that seven-eighths or three-
89 fourths of the capital of the bank was lost; that I had this upon a statement of figures furnished by M'r Cavaroc. That was his own estimation of the portfolio, which I had not time to go over.

By M'r Rouse:

Ques. Have you gone over the portfolio as it was at that time, and compared your estimate of its value with M'r Cavaroc's estimate, since then?

Ans. Yes, sir; and found a slight difference of $200,000 or $300,000 in the portfolio.

Q. Which way is the difference?

Ans. On the wrong side.

Ques. Then you think M'r Cavaroc overestimated it in that amount?

Ans. Yes, sir.

Ques. On his estimate of the paper as good, did he include any past-due or protested paper?

Ans. Yes, sir.

Ques. Or what the bank calls "held paper?"

Ans. Yes, sir; to a large amount.

Ques. How long has the greater part of that paper been "held?"

Ans. Held two, three, or four years.

Ques. Has anything been realized upon it since the failure of the bank?

Ans. No, sir; it is worse than ever.

Ques. Did he include in his estimate what is carried on the books of the bank as "bills receivable," in his estimate of good paper?

Ans. Yes, sir.

Ques. Will you explain what "bills receivable" represent?

90 Ans. Bills receivable represent notes given in settlement of old debts, or partly in settlement for protested paper, which notes proved as worthless as the original paper.

(To M'r Finney.) There is an item of $61,000 good paper given by the insurance association as a pledge.

By M'r Beckwith:

Ques. But the bank did not own it?

Ans. It appeared in the account of "bills renewable."

By M'r Rouse:

Ques. It was borrowed from the bank by the insurance association?

Ans. No, sir; it was given by the insurance association to secure 250,000 francs drawn by them and sold to the bank.

Ques. And it was carried as part of the assets of the bank?

Ans. Yes, sir.

Q. Under what head was the active portfolio of the bank carried on the books?

Ans. "Notes and bills discounted."

Ques. In that estimate furnished by M'r Cavaroc which you took on with you to Washington, and here marked "A A 6," were any bonds of the city of New Orleans, or State of Louisiana, or corporations included?

Ans. Yes, sir; they were included at their cost price to the bank.

Ques. How did the cost price compare with the actual value at that time?

91 Ans. It showed a shrinkage of about thirty or forty per cent.

Ques. To what extent were such bonds included in that statement?

Ans. $161,360.30.

By M'r Finney:

Q. At the time of this loan by the banks to the New Orleans Insurance Association on their mortgage, was not the insurance association overdrawn to the amount of $169,000?

Ans. Yes, sir.

Ques. And the proceeds of that loan went to make good that overdraft?

Ans. Yes, sir.

By M'r Rouse:

Q. What was the amount of that loan?

Ans. A little over $300,000.

HENRY BLACHE.

Subscribed and sworn before me March 9th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the United States.

It is agreed by the solicitors that the time for taking testimony be extended to 16th March, 1875; after which the examination adjourned to Monday, March 15th, 1875.

(See testimony of George Jonas, for defendants, March 15th, 1875.)

92 NEW ORLEANS, *March 16th*, 1875.

Present: J. D. Rouse & J. R. Beckwith for complainant; John Finney for defendants.

Testimony resumed.

Henry Blache recalled by complainant.

By M'r Rouse:

Q. When did M'r Cockrem take possession of the assets of the New Orleans National Banking Association as receiver thereof?

A. On the 25th or 26th October, 1873.

Q. Can you fix the date by anything?

A. M'r Cockrem took posession somewhere between the 24th and 28th October, 1873.

Q. When was the last bill of exchange drawn by the New Orleans National Banking Association sold to the Hibernia National Bank, of which Patrick Irwin is president?

A. We sold on the 17th September, 1873, a bill of $25,000, drawn on the National Park Bank of New York.

Q. During the months of August or September, did the Hibernia National Bank ever have more than one of your bills outstanding?

A. On the 10th September, 1873, they had $25,000, and on the 13th another draft of $20,000; that is all.

Q. Were these drafts payable at sight?

A. Yes, sir.

Q. Upon whom were they drawn?

A. Upon the National Park Bank of New York.

93 Q. During the months of August and September, 1873, how many bills, drawn by the New Orleans National Banking Association, were outstanding at one time in the hands of the Germania National Bank?

Ans. On the 13th September they had $20,000. In the month of August we did not draw on the National Park Bank, but on Schuchardt & Sons. We had orders from Schuchardt & Sons not to draw upon them in the month of September during the panic.

On further examination I find I am mistaken in stating that we did not draw on Schuchardt & Sons in September, 1873, for by the books I discover that we did draw small sums on them up to the 22d and then stopped.

Ques. There was no more than one bill outstanding at one time?

Ans. No, sir; not more than one.

Ques. What was the largest bill that was drawn in the month of September that was negotiated with the Germania National Bank?

Ans. September 13th, $20,000.

Ques. Where did the board of directors of the New Orleans National Banking Association meet?

Ans. They met on the second floor of the building, in the front office, which was also used for the meeting of the board of directors of the New Orleans Insurance Association.

HENRY BLACHE.

Subscribed and sworn before me March 16th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

Complainants offer in evidence the charter of the New Orleans National Banking Association.

Complainant here closed.

94 NEW ORLEANS, *March 5th*, 1875.

Present: J. D. Rouse & J. R. Beckwith for complainant; John Finney for defendants.

Testimony resumed.

By consent of counsel all of the following depositions, taken on behalf of complainant in the case of Cockrem, receiver, vs. Société de Crédit Mobilier et als., No. 7064, shall be used on behalf of complainant in this case, to wit: Gus. Legardeur, George Lanaux, Amilcar Fortier, Paul Fourchy, E. H. Reynes, Thomas Janney, Gustave Blache, F. F. Case, (cross-examination omitted,) Albert Baldwin, W. R. Lyman, M. F. Bonis, and Eugene F. Miotor, subject to further cross-examination.

CHARLES DE ARMAS, a witness produced and sworn on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. Were you employed in the New Orleans National Banking Association?

Ans. Yes, sir.

Ques. For what time prior to failure?

Ans. Three or four years.

Ques. In what capacity?

Ans. Note and discount clerk.

Ques. Had you charge of its portfolio?

Ans. Yes, sir.

Ques. Do you know anything about the delivery of a portion of its portfolio to Louis Schneider, George Jonas, and Patrick Irwin, in the latter part of September, 1873?

Ans. That is to say, the clearing-house?

Ques. Yes.

Ans. Yes.

95 Ques. State the method in which it was done.

Ans. They borrowed money from the clearing-house.

Ques. What entries were made upon the books of the bank of such transfers of paper?

Ans. None; I will explain that. These notes were entered to the clearing house.

Cross-examined by M'r Finney:

Ques. They were handed into the clearing-house?

Ans. Well, my memory does not serve me; I must have my books; but they were handed to the safe-keeping of the clearing-house.

Re-examined by M'r Rouse:

Ques. But what entries were made upon your books of them?

Ans. None, unless in my tickler.

Ques. Were they charged to the account of "notes and bills discounted?"

Ans. No, sir.

Ques. Or credited anywhere?

Ans. They were handed to the clearing-house out of my portfolio. They were not in charge of the bank; they were pledged.

Recross-examined by M'r Finney:

Ques. I understand you to say that these notes were given to the trustees of the clearing-house?

Ans. Yes, sir.

Ques. I understand you to say that the New Orleans National Banking Association got money from them. Did they get money or clearing-house certificates?

96 Ans. That I cannot answer; this was not my department.

Ques. Do you know of their receiving any money from the trustees of the clearing-house?

Ans. I cannot positively answer these questions.

CHA'S DE ARMAS.

Subscribed and sworn before me March 5th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

Examination adjourned to Tuesday, March 8th, 1875.
(See testimony of Geo. Jonas, for def'ts, March 8th, '75.)

Depositions of Gustave Legardeur, George Lanaux, Amilcar Fortier, Paul Fourchy, E. H. Reynes, Tho's Janney, Gustave Blache, F. F. Case, Albert Baldwin, W. R. Lyman, M. F. Bonis, and Eugene F. Mioton, taken on behalf of complainant in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. Cha's Cavaroc & Son et al., No. 7064, U. S. circuit court, offered in evidence by complainant in this case, subject to further cross-examination.

97 NEW ORLEANS, *December 23d*, 1874.

Testimony resumed.

GUSTAVE LEGARDEUR, J'R, a witness produced, sworn, and examined, deposes and says:

By M'r Rouse:

Ques. What is your occupation?

Ans. Notary public.

Ques. Did you prepare the act of mortgage which was executed by the New Orleans Mutual Insurance Association for the loan of money during the summer of 1873?

Ans. Yes, sir.

Ques. Where is that act?

Ans. That act has been destroyed, because it was made under certain conditions by the parties to the act.

Ques. Have you any copy of it?

Ans. No, sir.

Ques. Do you know whether there is any copy of it in existence?

Ans. No, sir. There is none in existence.

Ques. Was that act ever recorded?

A. No, sir.

Ques. State what the particulars of the act were?

Ans. The act was, M'r Cavaroc sent for me one day, and told me to prepare an act of mortgage to secure loans made to the insurance association by the banks of New Orleans. He referred me first to M'r Oglesby, president of the Louisiana National Bank.

Ques. What did he refer you to him for?

Ans. To know in what way the act was to be drawn and who
98 was to appear to represent the bank, and M'r Oglesby referred
me to M'r Kennedy, of the State National Bank. It was first intended——

(M'r Clarke, for the defendant, the Société de Crédit Mobilier, objects to all the above, as because it is res inter alios acta as between the insurance association and other parties.)

Witness resumes: When I called on M'r Kennedy and saw him at the bank it was first intended to make the mortgage in favor of M'r Dupuy, cashier of the State National Bank, representing all the parties, but afterwards they determined to make it in the individual name of M'r Dupuy, so that the only parties to the act were M'r Cavaroc, as president of the New Orleans Mutual Insurance Association, and M'r Dupuy.

Ques. Upon what property was the mortgage?

Ans. It was on the property owned by the insurance association on Canal street.

Ques. The same property occupied by the New Orleans National Banking Association?

Ans. Yes, sir; where they both had their office, the New Orleans Mutual Insurance Association and the New Orleans Notional Banking Association.

Ques. What was the amount secured by the mortgage?

Ans. It was over $100,000, I believe. I don't know.

Ques. Was it not over $300,000?

Ans. I don't remember the amount now.

Ques. How was the amount represented?

Ans. By notes divided into coupons representing the indebtedness to the respective banks, so many thousands to one bank and so many to another.

Ques. How many banks received these notes?

Ans. They were all handed to M'r Dupuy. The only banks I
99 know were the Louisiana National Bank and the State National
Bank. These were the only banks I heard mentioned before me.

Ques. Who authorized you to destroy the act?

Ans. There was a clause in the act itself to cover the parties representing the bank.

Ques. Why was it not recorded?

Ans. Because the notes were paid at maturity.

Ques. Why did you not record the act at the time of its execution?

Ans. Because the parties told me not to do it because it could be an act until the notes should be paid.

Ques. When was it executed ?

Ans. I think it was some time in June, 1873.

Ques. About what time was it destroyed ?

Ans. I think in September, 1873.

Ques. Did you see the notes at the time they were paid ?

Ans. Yes, sir; they were brought to me and I destroyed them.

Ques. You don't know whether that was the date of payment or after the date of payment ?

Ans. No, sir; I don't know.

Ques. Did you have any written directions in regard to that act, or did you keep any memorandum ?

Ans. No, sir; there were no written instructions whatever, only the amounts were given to me.

Ques. Who brought the notes to you after they were paid ?

Ans. I think M'r Lanaux brought the notes to my office.

G. LEGARDEUR.

Subscribed and sworn before me December 33d, 1874.

F. A. WOOLFLEY,
Examiner.

100 George Lanaux a witness produced, sworn and examined on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. What is your present occupation ?

Ans. Secretary of the insurance company.

Ques. What insurance company ?

Ans. The New Orleans Insurance Association.

Ques. How long have you been such ?

Ans. I have been secretary since the establishment of the company in 1869.

Ques. Did that insurance company mortgage its building for the purpose of raising money from the banks of New Orleans ?

Ans. Yes, sir; the insurance company did mortgage in June or July, 1873.

Ques. What amount of money did it raise upon that mortgage ?

Ans. We raised from the several banks of New Orleans $309,000. I don't know what amount the act of mortgage called for, because I never saw it. I know it existed because there was a resolution passed to that effect.

Ques. From what banks did you receive this money ?

Ans. From the State National Bank, the Louisiana National Bank, the Union National Bank, the Germania National Bank, and the Bank of America.

Ques. What did you do with the money ?

Ans. The money was deposited in the New Orleans National Banking Association.

Ques. In what manner did you receive it from them ?

101 Ans. We received it from them in checks and in exchange. The checks were deposited and the exchange was negotiated through other banks, or other parties, and the proceeds deposited in the bank.

Ques. Were any of the checks drawn on the New Orleans National Banking Association ?

Ans. Not to my knowledge.

Ques. Was the insurance association in the habit of drawing foreign bills of exchange ?

Ans. Yes, sir.

Ques. Were any such bills negotiated through the New Orleans National Banking Association?

Ans. Many of them.

Ques. About the time of this loan had there been any such bills negotiated?

Ans. That loan took place in the beginning of June. Well, I don't remember exactly.

Ques. Were any such bills drawn by you outstanding which had been negotiated by the New Orleans National Banking Association?

Ans. Yes, sir.

Ques. Was there any appropriation of the funds for the payment of such bills? If so, state what.

Ans. Out of this $309,000 there were $58,000 of exchange bought and remitted to Europe to cover previous drawings of the association, and that exchange was remitted on the 2d June.

Ques. Did you furnish the bank with money to protect any bills drawn by you?

Ans. No, sir; but we refunded to the bank. The New Orleans Insurance Association refunded to the New Orleans National Banking Association $100,000, equal to the amount of 460,000 francs,
102 which had been previously sold to the New Orleans National
Banking Association under a promise that this 460,000 francs would be returned to the New Orleans Insurance Association, duly cancelled.

Ques. When was this money furnished to the New Orleans National Banking Association?

Ans. This money was paid to that bank on the 4th June.

Ques. Were these bills returned to you?

Ans. No, sir.

Ques. Have they been returned to you up to the present day?

Ans. No, sir; not up to the present day.

Ques. Were not the relations between the New Orleans Insurance Association and the banking association very intimate?

(M'r Clarke objects on the ground that the counsel for complainant must show the character of the relations.)

Ques. What was the character of the dealings between the two associations named?

Ans. The New Orleans Insurance Association was in the habit of selling exchange to the banking association to a considerable extent, and the New Orleans National Banking Association was the bank in which the insurance association deposited its funds.

Ques. Were the dealings large between them?

(M'r Clarke, for defendants, objects.)

Ans. Yes, sir.

Ques. Do you know anything about the condition of the bank during the summer of 1873?

Ans. Not of my personal knowledge.

103 Ques. Do you know what the reputation of the bank was among the commercial community during the summer of 1873, for solvency?

Ans. It was current on the street that the banking association was in a weak condition.

Ques. Do you know anything about the meeting of bank presidents which occurred on the first day of June at the banking-house of the banking association?

Yes, sir; which was re-imbursed to the insurance association by M'r Cavaroc on the 27th June, 1873.

G. LANAUX.

Subscribed and sworn before me Dec. 23, 1874.

F. A. WOOLFLEY, *Examiner.*

NEW ORLEANS, *March 5th*, 1875.

George Lanaux cross-examined.

By M'r Finney:

Ques. Upon whom were the bills drawn?

Ans. On Seignouret Frères, upon a credit said to be previously established by M'r Cavaroc, of which there was no evidence in the office of the association.

Ques. Had you not previously drawn many bills on Seignouret Frères which had been accepted?

Ans. Yes, sir.

Ques. Were the drafts you speak of for two hundred and fifty thousand francs accepted?

Ans. I cannot recollect. They were sent to London to M'r Hambro, and M'r Cavaroc represented that they were objected to by Hambro.

G. LANAUX.

Subscribed and sworn before me March 5, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

108 AMILCAR FORTIER, a witness produced and sworn for the complainant, deposes and says:

By M'r Rouse:

Ques. State whether you are president of any bank; and, if so, how long?

Ans. I have been president of the Bank of America since 1864 or 1865.

Ques. During the summer of 1873 was there any application made to you, as such president, by the New Orleans National Banking Association, or its officers, for money?

Ans. Yes, sir; I think I loaned some.

Ans. Do you remember what amount?

Ans. Sometimes $50,000, sometimes $25,000. I cannot say the exact amounts.

Ques. Was a list of their notes and bills discounted exhibited to you for the purpose of making a selection?

Ans. No, sir.

Ques. Were the bills and notes submitted to you for inspection?

Ans. No, sir; it was from day to day.

Ques. Did your loans occur frequently?

Ans. No, sir; now and then.

Ques. Did not your bank discount a portion of the portfolio of the New Orleans National Banking Association?

Ans. Yes, sir; in 1873 we discounted some paper of the bank, I believe some $50,000.

Ques. Was there not a list of paper submitted to you for selection, or the paper itself?

109 Ans No, sir; the paper itself was brought there by M'r Cavaroc; when I make that remark, I don't know whether it was M'r Cavaroc or the bank, but it was brought there by M'r Cavaroc.

Ques. Was there not much more paper submitted and more money requested than that which you accepted?

Ans. No, sir; not to me.

Ques. Either on that occasion or on some other occasion?

Ans. No, sir; no paper was given to me.

Ques. I ask if there was not some submitted with the request to discount more paper?

Ans. Yes, sir.

Ques. Which you declined?

Ans. Yes, sir.

Ques. What was your reason for declining?

Ans. Because I thought that I made my proportion of it.

Ques. What do you mean by your proportion?

Ans. Because it was demanded from several of us.

Ques. The banking association was asking a discount from a number of banks?

Ans. It was called a discount or a temporary loan.

Ques. Is not that an unusual proceeding for a bank?

Ans. Not unusual when a bank feels pressed.

Ques. Prior to that time had an application been made to you for a discount by any bank?

Ans. No, sir.

Ques. Do you remember any?

Ans. Well, to the City National Bank we loaned over $100,000 when it was M'r Cochran's bank.

Ques. It failed, did it not?

Ans. No, sir; it prevented it from failing.

110 Ques. Unless a bank is in difficulty, does it seek to discount its portfolio among other banks?

Ans. Not to my knowledge.

Ques. Do you know what the reputation of the New Orleans National Banking Association was in bank circles in 1873?

Ans. Well, before it stopped, it had a pretty good reputation; its exchange was offered and was sold regularly.

Ques. Do you know what the rumors among banking men were as to its solvency for the three months prior to its suspension?

Ans. It was then very good, three or four months prior.

Ques. I say during the three months prior to its suspension were there not many rumors concerning its solvency?

Ans. No, sir; not many.

Ques. Were you mostly in the city or mostly across the lake during that time?

Ans. Mostly in the city. I went over the lake every Saturday night.

Ques. About what time did you make this discount of the notes?

Ans. I think it was some time in August or September of that year; no, sir, it was in July or August.

Ques. Did you think that the New Orleans Banking Association was in a good solvent condition at the time you made that discount?

Ans. I thought that they were momentarily embarrassed, or I would not have made the loan.

Ques. Do you think they could have met their liabilities without making the loans you speak of?

111 Ans. I don't know.

Ques. Was not that discount of paper that you made, on the 4th of June, 1873, or about that date?

Ans. I don't know. I have not the memorandum, but I know it was then or somewhere about that time.

Ques. Did you loan any money on the security of a mortgage made by the New Orleans Mutual Insurance Association?

Ans. No, sir; not to my knowledge.

Ques. Was there any application made to you for a loan on the mortgage of the insurance association?

Ans. No, sir.

Ques. A mortgage executed in favor of M'r Dupuy, of the State National Bank?

Ans. I do not think I ever made a loan of that kind.

Ques. Was any mortgage executed in his favor at the time that the banks made the loan to the insurance association?

Ans. I went in among them, I believe, and took a note out and discounted it, but I do not know for the rest.

Ques. Were you present at a meeting of bank presidents held in the rooms of the New Orleans National Banking Association on a Sunday?

Ans. I think not.

Ques. Or on any other occasion?

Ans. I was there when M'r Cavaroc made the application to us, with several other bank presidents.

Ques. Who else was present?

Ans. There were M'r Kennedy, M'r Oglesby, and myself.

Ques. What took place at that meeting?

Ans. M'r Cavaroc applied for a momentary discount.

112 Ques. What statement did he make as to his condition?

Ans. He said he was a little pressed, and that if the banks would come to help him for a few days that is all that he required.

Cross-examined by M'r Clarke:

Ques. You speak of a loan to the City Bank; is not that the present Germania Bank?

Ans. Yes, sir.

Ques. That bank has never failed?

Ans. No, sir.

Ques. Does it imply because a bank requires a temporary loan that its condition is insolvent?

Ans. No, sir.

Ques. Is it not frequently the case that banks will get a little out of line from some cause or other that does not involve them, but they may be in want of a loan?

Ans. Yes, sir. Perhaps they may have exchange to sell, but they cannot sell it, and they may have to borrow from a bank until the next day.

Ques. You know this to be of frequent occurrence?

Ans. Yes, sir.

Ques. The credit of this institution in 1873 was good?

Ans. I considered it so.

Ques. You bought their checks and exchange?

Ans. Yes, sir.

AM. FORTIER.

Subscribed and sworn before me December 23, 1874.

F. A. WOOLFLEY,
Examiner.

113 Testimony resumed.

NEW ORLEANS, *December 26th*, 1874.

PAUL FOURCHY, a witness produced and sworn, deposes and says:

By M'r Rouse:

Ques. You are president of the Mutual National Bank of New Orleans?

Ans. Yes, sir.

Ques. How long have you been so?

Ans. Three years, since its organization.

Ques. During the summer of 1873 was there any application made to the Mutual National Bank or to yourself by the president of the New Orleans National Banking Association for any loan of moneyor a discount of paper?

Ans. Yes, sir.

Ques. State the whole transaction.

Ans. M'r Cavaroc called on me and stated he needed about $400,000, and that he expected the different banks to come to his assistance and furnish that amount to him among themselves—to make up that amount. I was much surprised at this demand, considering the large amount asked, and told M'r Cavaroc I could not act without calling the board of directors together, until I would submit his statement to them and see what action they would take on it. I called a meeting of the board the next morning, but in the mean time M'r Cavaroc gave me a list of $200,000 in paper—different names. The board met as called by myself, and took into consideration M'r Cavaroc's demand, and out of the $200,000 for discount $25,000 of the paper was selected and discounted. That is all, as near as I can remember.

114 Ques. About what time was that?

Ans. Early in June, 1873; probably on the second or third, and the discount was made on the fourth of June.

Ques. Why did you take such a small amount of the large amount offered?

Ans. Well, some of the paper was objectionable to the bank.

Ques. Do you know what the reputation of the New Orleans National Banking Association was during the summer of 1873 for solvency?

Ans. Not exactly. I know that there were a great many rumors on the street about M'r Cavaroc being engaged in large cotton operations, but I know of no facts myself. I had no access to the books.

Ques. What were the rumors so far as they affected the banking association?

Ans. Well, it had that effect. Seeing a bank president engaged in large cotton operations, it might recoil upon the bank and have some action upon him.

Ques. Were there any rumors about the banking association's being in a good or a bad condition?

Ans. It was understood to be in a little straitened circumstances. I understood from outside parties that M'r Cavaroc had drawn a great deal of exchange and loaned the money to factors to bring their crops to market, and this was the cause of his anxiety; he derw large amounts and when the maturity was about to come he did not make his collections in time; that this was the main cause of his embarrassment. That is all I heard.

(M'r Clarke, for defendants, objects to all of the above as hearsay.)

Ques. What effect had the rumors on the National Banking Association?

115 Ans. They affected it.

Ques. What motive actuated you in discounting a portion of its portfolio?

(M'r Clarke, for defendants, objects.)

Ans. Because we thought that if anything happened to this bank other banks might suffer; it would create a run, and we would be sufferers. It was understood among all the banks that if we could get security to that extent we would go; as long as we could help them without danger to ourselves we would do it.

Ques. Were other applications made to you for assistance?

Ans. I do not exactly remember.

Cross-examined by M'r Clarke:

Ques. When were these rumors that you speak of?

Ans. About that time; about the time the application for the loan was made.

Ques. The idea was that the bank was under temporary embarrassments?

Ans. Yes, sir.

Ques. Was not the public sentiment afterwards satisfied by the bank, and these rumors dispelled?

Ans. Well, I think after he got the assistance it had that effect for a while. He told me that he had all the assistance that he wanted.

Ques. The bank had good credit in the community?

Ans. Well, it is difficult to say; the check would not be refused, but I could not say that it was exactly in good credit.

Ques. Were they selling exchange?

Ans. Yes, sir; that is, I heard they were. I do not know.

116 Ques. Did you not consider this $25,000 equal to the share of the assistance rendered?

Ans. No, sir; I think our share would be a little more, but the board would not take more than $25,000 out of it; we might have taken $40,000 or $45,000.

Ques. How was the paper that was offered to you?

Ans. Well, it was objectionable; as a matter of prudence we did not like it.

Ques. Some paper you had already of the same name?

Ans. No, sir; very little, if any. We had not the same customers at all.

Ques. Are you president also of the Merchants' Mutual Insurance Company?

Ans. Yes, sir.

P. FOURCHY.

Subscribed and sworn before me December 26, 1874.

F. A. WOOLFLEY,
Examiner.

NEW ORLEANS, *March 5th*, 1875.

Paul Fourchy, cross-examined for defendants.

By M'r Finney:

Ques. Did M'r Cavaroc call upon you as president of the New Orleans National Banking Association or of the insurance association?

Ans. He did not state any particular quality. He said he wanted to have a private talk.

Ques. Did you understand which institution wanted the money?
Ans. After he had explained himself, I did.
Ques. Which institution did you understand?
Ans. I understood the bank.

117 (M'r Finney, for defendants, accepts the testimony of the witness, Paul Fourchy, as given in case No. 7064—Cockrem, receiver, vs. Crédit Mobilier et als.—subject to the same objections as made by M'r Clarke, said testimony to be used in the case of Cockrem, receiver, vs. Schneider et als., No. 7069.)

P. FOURCHY.

Subscribed and sworn before me March 5th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

E. H. REYNES, a witness produced and sworn, deposes and says for complainant:

By M'r Rouse:

Ques. What is your business?
Ans. An exchange-broker now.
Ques. What was your business in the summer of 1873?
Ans. A banker, and agent of Eugene Kelly & Co., bankers, of New York.
Ques. Do you know what the general reputation of the New Orleans National Banking Association was as to solvency during the summer of 1873?
Ans. What time in the summer?
Ques. Any time during the summer.
Ans. From the beginning of the summer up to July and August, perhaps, the general impression was that its credit was very good.
Ques. Was that impression changed?
Ans. Yes, sir.
Ques. What was the impression afterwards?
Ans. The impression afterwards was that the credit of the bank had been impaired from severe losses, which losses I could not point to, as I have not the books.
118 Ques. These rumors were general, affecting its credit?
Ans. To the best of my knowledge they were. I heard them frequently.
Ques. Do you know anything about the course of its stock in the market?
Ans. No, sir; I was not dealing in the market.
Ques. Were you called upon to render assistance to the banking association in the way of raising funds?
Ans. Early in June I was.
Ques. Was there any statement made to you then of its difficulties?
Ans. No, sir.
Ques. What reason was given for its desire to raise funds?
Ans. None at all. They wanted to help their customers during the summer; that is what M'r Cavaroc said to me. He generally did it every summer, and borrowed largely, so as to help the planters removing their crop. I anticipated no idea of it at the time, nor anybody else
Ques. That was early in the summer?
Ans. Yes, sir.

Ques. And later, you say, that rumors affecting the credit of the banking association were very general?

Ans. Yes, sir.

Cross-examined by M'r Clarke:

Ques. What time did these rumors commence?

Ans. I cannot precisely state the day; late in the summer, the latter part of July or August.

Ques. Prior to the general suspension of the banks in September?

119 Ans. Yes, sir; but no one thought the banking association would suspend; I will say that. I never heard it expressed, and thought so myself. The rumor was that the bank was embarrassed.

Ques. Was that regarded as a temporary embarrassment?

Ans. Yes, sir; it was generally thought so, and it was so expressed to me by bank presidents.

E. H. REYNES.

Subscribed & sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

THOMAS JANNEY, a witness produced and sworn on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. You are a member of the firm of Moore, Janney & Hyams?

Ans. Yes, sir.

Ques. And your business is?

Ans. A brokerage business.

Ques. How long have you been engaged in that business?

Ans. Ten years.

Ques. Do you know what the general reputation of the New Orleans National Banking Association was for solvency in the summer of 1873?

Ans. It was bad.

Ques. When did the rumors affecting its credit first become rife?

Ans. I went away from here to the North in May, previous to its failure, and during my absence these rumors first became prominent, so much so that I got a dispatch from my firm stating that the banking association was broken. I got the dispatch in the office of John Macauley & Co.

120 Ques. Did these rumors continue during the summer of 1873?

Ans. Never ceased until the bank broke; it never recovered.

Ques. When did you return?

Ans. I got here in June.

Ques. What was the course of its stock in the market?

Ans. Decreased all the time; the reason I know is that I had some of Mehle's stock.

Ques. Did you try and sell any of the stock of the New Orleans National Banking Association during the summer?

Ans. Yes, sir. I tried to sell it immediately, but I could not.

Ques. You could not find purchasers?

Ans. No, sir.

Ques. What was its value?

Ans. The par value was $30.

Ques. Do you know anything about the New Orleans National Banking Association calling on the other banks for assistance during the summer?

Ans. Yes, sir; they called upon them, and the head was the Louisiana National. They said they wanted $300,000 to get them through. They had some trouble in getting it, but at last succeeded in getting it by a mortgage on their property.

Ques. Was that generally known by business men?

Ans. Yes, sir, it was. I can tell you a man that knows all about it; that is, Henry C. Miller, of the firm of Lee, Finney & Miller.

Cross-examined by M'r Clarke:

Ques. What was the mortgage?

121 Ans. I don't know the amount.

Ques. By whom was it given?

Ans. By M'r Cavaroc.

Ques. Was it not given by the New Orleans Insurance Association?

Ans. That I don't know.

Ques. Were the rumors affecting the banking association risen out of its entanglements with the insurance association?

Ans. The rumors arose from the bad management of M'r Cavaroc—that is, that it was that he was losing money.

Ques. It arose out of the credit of M'r Cavaroc himself?

Ans. Well, it was the bank; for I had business transactions with the bank in the slaughter-house matter—very large ones.

THO'S JANNEY.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

NEW ORLEANS, *March 5th*, 1875.

Tho's Janney cross-examined by M'r Finney for defendants:

Witness being asked whether the loan of $300,000, which he speaks of as having been asked by the New Orleans National Banking Association on a mortgage from the banks of New Orleans, says he does not know whether it was the banking association or the insurance association that wanted to effect the loan, but the money went to relieve the banking association, as he understood.

Ques. Do you know how that money was disposed of? Do you know who actually got the money on the mortgage loan?

122 Ans. Of my own knowledge?

Ques. Yes.

Ans. No, sir; but I could tell you how I know about it.

Ques. Were you here at the time?

Ans. Yes, sir.

Ques. Do you know whether the bank made the mortgage, or the insurance association?

Ans. Of my own knowledge I do not. It was told me by parties whom I supposed knew, and M'r Alfred Moulton, one of the directors of the State bank, told me also.

(M'r Finney, for defendants, objects to the above as hearsay.)

By M'r Rouse:

What was the general understanding in the community as to which institution got the benefit of that money?

(M'r Finney objects to it as hearsay, because it is a matter established by figures and papers.)

Ans. The New Orleans National Banking Association, or Cavaroc's bank; that was the impression.

THO'S JANNEY.

Subscribed and sworn before me March 5th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the United States.

GUSTAVE BLACHE, a witness produced and sworn on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. What is your occupation?

Ans. A broker.

Ques. A stock-broker?

Ans. Yes, sir.

123 Ques. During the summer of 1873 did you have any of the stock of the New Orleans National Banking Association for sale?

Ans. Yes, sir; I sold several lots.

Ques. Did you have any difficulty in selling it?

Ans. Well, the stock of that bank, some time before the failure, was pretty hard to sell.

Ques. What was the reputation of the banking association as to its condition?

Ans. Well, the banking association was considered to be in a very weak condition.

Ques. Was there a pressure to sell the stock?

Ans. All holders were willing to sell.

Ques. At what price did you effect any sales during that summer?

Ans. As far as I can recollect, I sold some stock at from $19 to $20.

Ques. How long before the failure?

Ans. May be two or three or four months before the failure.

Ques. Was there any sudden decline in the stock from higher prices?

Ans. Well, the stock had been declining for the last four or five months—constantly declining.

Ques. What figures had it been selling at before this decline set in?

Ans. Well, I suppose the figures began to decline from about $30 down.

Ques. During that summer?

Ans. Yes, sir; as far as I can recollect. I could see from my books, but that is my recollection.

124 Cross-examined by M'r Clarke:

Ques. What was the par value of the stock?

Ans. $30.

Ques. When was the decline?

Ans. The decline must have begun five or six months before the failure of the bank, at least.

Ques. How low did you sell the stock?

Ans. I expect I sold the stock two or three months before the failure, and I sold some at $19 or $20.

G. BLACHE.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

F. F. CASE, a witness produced and sworn on behalf of complainant, deposes and says:

Ques. You are receiver of the First National and Crescent City National Banks of New Orleans?

Ans. Yes, sir.

Ques. Prior to being receiver you were in the employ of the receiver who was your predecessor for a number of years, were you not?

Ans. Yes, sir.

Ques. During the summer of 1873, do you know what the general reputation of the New Orleans National Banking Association as to solvency?

A. Well, it was rumored to be in a very bad way.

F. F. CASE.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

125 ALBERT BALDWIN, a witness produced and sworn on behalf of the complainant, deposes and says:

Ques. You are the president of the New Orleans National Bank?

Ans. Yes, sir.

Ques. During the summer of 1873 were you an officer of the Mutual National Bank?

Ans. Yes, sir; vice-president.

Ques. Do you know anything about an application being made for assistance to that bank by the president of the New Orleans National Banking Association?

Ans. I know that it came from M'r Cavaroc or the New Orleans National Banking Association, and he had some assistance granted him.

Ques. Do you know anything of the statement of its condition about that time?

Ans. Only from general rumors.

Ques. What was the general rumor as to the condition of that bank, the New Orleans National Banking Association?

Ans. The general rumor was that it was very weak, and liable to suspend at any time.

Ques. Do you know what time this application was made?

Ans. I think it was three months before they suspended.

Ques. And the rumors prevailed from what time?

Ans. Well, say three months; but I think longer than that.

Cross-examined by M'r Clarke:

Ques. To what were these rumors attributable; what was the occasion?

126 Ans. Well, the fact of this application was one indication of weakness in two ways; one bank asking assistance from another.

Ques. Is that all?

Ans. The fluctuations of the stock, also, it being so much below par.

Ques. Suppose that they had met losses, did you know anything of them?

Ans. Yes, sir; I understand there was one failure in which they lost largely. When a bank is disposed to lend largely, and has no good security, it shows that they do not do business regularly.

A. BALDWIN.

Subscribed and sworn before me December 26th, 1874.

F. A. WOOLFLEY,
Examiner.

127 Testimony resumed.

W. R. Lyman, a witness produced and sworn for the complainant, deposes and says:

By M'r Rouse:

Ques. What business are you engaged in?

Ans. Banking and brokerage.

Ques. How long have you been so engaged?

Ans. Ten years.

Ques. In the city of New Orleans?

Ans. Yes, sir.

Ques. Were you here during the summer of 1873?

Ans. Yes, sir.

Ques. Do you know what the general reputation of the New Orleans National Banking Association was during that summer for solvency?

Ans. Its general reputation was weakness. It varied according to the rumor, one way or another; but the general tenor, if you desire it, was weakness.

Ques. What were the rumors affecting it?

Ans. The first rumor, I think, which seriously affected the stock, I remember now, was the failure of Cambon and some of the large dealers down town; and the rumors were that it very seriously affected its portfolio, so much so that at one time it was said that they could not get through.

Ques. When were these rumors most prominent—how long before its failure?

Ans. Well, I am compelled to guide myself by my records as to the stock, the price of the stock.

Ques. What was the course of the stock during the summer of 1873?

128 Ans. By my books I see that on the 8th March, 1873, the stock sold for $31¼; on the 2d May it sold for $25, and on July 9 at $17¾; and if I recollect properly, in the latter part of June it sold as low as $16. Of that I am not certain. I have no data to guide me, and I cannot testify accurately; but it was below that on July 9th.

On the 6th August I bought for a party sixty-five shares of the stock at $20. There was a little rumor bettering the stock; that is, it was not so bad as it was represented; that the portfolio was better, etc. The stock under that impulse went up to about $20. But to give you an idea later than that, I bought that stock under order, and the party did not come to me that day or the next, and when I saw him again he told me he gave the order to some one else. In the mean time I bought the stock, and it was thrown back on my hands, and I never could dispose of it afterwards. It now stands on the books of the New Orleans Banking Association in the name of Townsend & Lyman. I might perhaps have during the month of August sold it at considerable loss, but after the panic struck us in September it was impossible. You could hardly have given it away.

W. R. LYMAN.

Subscribed and sworn before me December 29th, 1874.

F. A. WOOLFLEY,
Examiner.

M. F. Bonis, a witness produced and sworn on behalf of complainant, deposes and says:

By M'r Rouse:

Ques. What is your occupation?

Ans. A. broker.

Ques. For how long?

129 Ans. I have been a broker on my own account for two years.

Ques. Engaged in the city of New Orleans?

Ans. Yes, sir; as note, stock, and exchange broker.

Ques. Do you know anything about the reputation of the New Orleans National Banking Association, generally called Cavaroc's Bank, for solvency during the summer of 1873?

Ans. Yes, sir; it was going down all the time; it was losing credit.

Ques. Were these rumors general?

Ans. Well, not general.

Ques. Did you sell any of the stock or make any effort to sell it prior to three months before its failure?

Ans. Yes, sir; but the offers were so very low that I could not sell any of it.

Ques. Were the rumors that you speak of general in business circles—among financial men and brokers?

Ans. Well, I was rather friendly with M'r Cavaroc. I heard several times that the bank was going to fail and for no one to keep their money there, and I was advised several times before that to keep my account from it, but knowing the whole of the directors personally and M'r Cavaroc, I kept on keeping a small account, but I was advised by several parties not to keep any money there at all.

Ques. You only kept a very small account during that summer?

Ans. That is all; in fact I do not do a very large business.

Cross-examined by M'r Clarke:

Ques. When did these rumors commence?

130 Ans. I suppose four or five months previous to the failure of the bank. There was talk about the bank being very much embarrassed.

Ques. When were these conversations with your friends suggesting you to withdraw?

Ans. Three or four months, I suppose, previous to the failure of the bank.

Ques. Did you sell any of the stock?

Ans. No, sir; not from that time.

Ques. What was offered for it?

Ans. Well, I had stock for sale for one party in Europe. It cost him $42, and I was trying to sell it for from $25 to $30, and I could not. Then it went down rapidly to $19, and after that it could not be sold at all.

Ques. When was this low point reached?

Ans. Well, I suppose thirty or forty days before the failure of the bank, but before that there was hardly any sale for it and hardly any bid.

M. F. BONIS.

Subscribed and sworn before me December 29th, 1874.

F. A. WOOLFLEY,
Examiner.

131 **Eugene F. Mioton**, a witness produced and sworn on behalf of the complainant, deposes and says:

By M'r Rouse:

Ques. Were you a director of the New Orleans National Banking Association?

Ans. I was.

Ques. For how long?

Ans. From the moment that M'r Cavaroc took the bank up to its failure.

Ques. That was a period of several years?

Ans. Yes, sir; it was when the bank was on the corner of S't Charles street.

Ques. Who had the management of its affairs?

Ans. M'r Cavaroc.

Ques. Did the board of directors surrender almost its entire management to him?

Ans. Not entire, but almost entire.

Ques. Did he keep you advised of all its losses and calamities?

Ans. No, sir; not to me.

Ques. Or to the board of directors when you were present?

Ans. No, sir.

Ques. What knowledge had the board of his management?

Ans. I do not know what knowledge the board had; but for myself, three days before the failure of the bank I never knew that the bank was in such a position.

Ques. Were you ever on a committee to examine its condition?

Ans. No, sir.

Ques. Did you know of the existence of the overdraft of P. S. Wiltz & Co.?

132 Ans. No, sir.

Ques. One of the directors, he was?

Ans. No, sir; I did not.

Ques. Or the overdraft of A. A. Mouton, another director?

Ans. I did not know the amount. I knew he was overdrawn, but I did not know the amount.

Ques. Was the paper offered for discount submitted to the board of directors before being discounted?

Ans. Some was and some was not.

Ques. What was the general rule?

Ans. M'r Cavaroc had the power to discount notes before putting them before the board.

Ques. Was that his custom?

Ans. Yes, sir.

E. F. MIOTON.

Subscribed and sworn before me December 31st, 1874.

F. A. WOOLFLEY,
Examiner.

133 Exhibit AA 1.

September 12, 1873.	
A. Luria, cashier	$30,000
September 22, 1873.	
A. Luria, cashier	$20,000

September 22, 1873.	
Ja's Chalaron, cashier	$25,000
September 23, 1873.	
A. Luria, cashier	$20,000
September 24, 1873.	
A. Luria, cashier	$10,000
September 24, 1873.	
C. Jumonville, cashier	$5,000
September 24, 1873.	
Pike, Brother & Co	$5,000
September 25, 1873.	
Pike, Brother & Co	$5,000
September 25, 1873.	
Citizens' Bank—Clearing-house balance	$5,148 62
September 25, 1873.	
Bank of America—balance of exchanges	$3,110 25

134 EXHIBIT AA 2.

N. O. NAT. BANKING ASSOCIATION,
New Orleans, *August* 14, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou, J. Aldigé.
No quorum.
(Signed) C. CAVAROC,
President.

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, *August* 21, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou.
No quorum.
(Signed) C. CAVAROC,
President.

HENRY BLACHE, *Cashier.*

N. O. Nat. Banking Association,
New Orleans, August 28, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; J. Aldigé.
No quorum.
(Signed) C. CAVAROC,
President.

Henry Blache, *Cashier.*

135 N. O. Nat. Banking Association,
New Orleans, September 4, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou.
No quorum.
(Signed) C. CAVAROC,
President.

Henry Blache, *Cashier.*

N. O. Nat. Banking Association,
New Orleans, September 11, 1873.

REGULAR MEETING.

Present, C. Cavaroc, president; A. Tertrou, John Rocchi.
No quorum.
(Signed) C. CAVAROC,
President.

Henry Blache, *Cashier.*

N. O. Nat. Banking Association.
New Orleans, September 19, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; Jno. Rocchi, J. Aldigé, A. Tertrou, L Haas, j'r, A. A. Mouton.

Reading of minutes of last meeting dispensed with.

On motion of M'r Tertrou, seconded by M'r Rocchi, it was unanimously

Resolved, That the board, duly appreciating the valuable services of C. Cavaroc, j'r, in behalf of the bank, in New York and in Europe
136 during his recent voyage, hereby express their gratitude, and move that a committee of three be appointed to express to C. Cavaroc, j'r, the thanks of this institution.

On motion of M'r Aldigé, it is further

Resolved, That a sum of ($500) five hundred dollars be offered to C. Cavaroc, j'r, not as a compensation for his services, but merely to defray the expenses that were actually incurred by him; the president having stated that the bank had obtained through the combined influence of M'r Le Marchand and C. Cavaroc, j'r, a loan of one million francs from the Crédit Mobilier of Paris, and that he considered a commission due to the former, the board authorized him to allow to M'r Le Merchand what he deemed proper in the case.

There being no other business, the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 20, 1873.

CALLED MEETING.

Present, C. Cavaroc, president; A. Tertrou, J. Aldigé, John Rocchi, A. A. Mouton, P. S. Wiltz, and L. Haas, j'r.

The president stated that the object of the meeting was to inform the board of the unpleasant state of affairs in general, and particularly of the panic actually prevailing in New York. The suspension of Jay Cooke & Co., which was already announced, and which no doubt would be followed by many others, would surely tend to increase the present uneasiness and render our money-market still more stringent. He would therefore ask the board to suggest or adopt such measures as in 137 their judgment they would think expedient to avert the impending crisis. Whereupon it was unanimously

Resolved, That all precautionary measures to be taken be left entirely to the discretion of the president, the board hereby ratifying all that may be done by him.

It was further

Resolved, That in view of securing the president against any eventual loss of the 7 per cent. city of New Orleans bonds belonging to the firm of C. Cavaroc & Son, and actually pledged to Mess'rs F. Schuchardt & Sons, agents of the bank at New York as collateral security for the payment of all foreign exchange bills entrusted to their care for negotiation and by them endorsed, that he be, and is hereby, authorized to select, as guarantee, from the portfolio of the bank, such papers as he may think proper, to the extent of one hundred thousand dollars.

On motion, it is further

Resolved, That the board hereby tender their thanks to the president for the aid he is individually lending by leaving undisturbed a large cash balance of eighty thousand dollars actually standing to the credit of C. Cavaroc & Son on the books of the bank.

And the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, September 25, 1873.

REGULAR MEETING.

Present, C. Cavaroc, J. Aldigé, L. Haas, j'r.

No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

138 N. O. NAT. BANKING ASSOCIATION.
New Orleans, October 1, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, J. Aldigé, A. Tertrou, John Rocchi, A. A. Mouton, E. F. Mioton.

The president reported to the board that the balance due by this association at the clearing-house this morning was $37,169.11, which it was necessary to make good and provide for; that the firm of C. Cavaroc & Son, for the purpose of aiding and relieving the association, offered to furnish it with certain available securities and with the requisite cash, provided they should be indemnified by the transfer of like securities of the association, not now available in this market; that the said firm, upon their offer being accepted by the president, at once placed at the disposition of the association the following assets, viz:

30	bonds, of $1,000 each, city 7 per cent. gold-bearing interest, @ $62, worth	$18,600
2	bonds of $1,000 each, and	
1	bond of $500 of the N. O. Live-Stock Landing and Slaughter-House Co., @ $75, worth	1,875
1	bill of exchange on Schuchardt & Son, N. Y	10,000
	Total value	$30,475

which they agreed to sell to the association for the above price of valuation, payable in bonds belonging to the association now in Bordeaux, France, or in transit therefrom. The president, having accepted the offer so made, took possession of the said bonds and exchange, purchasing the same at the valuation above stated, and at once deposited
139 the same with the clearing-house to make good therein the balance
against the association. The president having agreed to sell and transfer to the said firm of C. Cavaroc & Son, in payment of the above, 42 old consolidated city 6 per cent. bonds of $1,000 each, worth this day on the market 72½ each, say the sum of $30,450, which said bonds were lately deposited with Seignouret Frères of Bordeaux, and are now either in their hands or in transit to this place, being bonds of series A, with coupons of January and July, numbered 3337–3341, 5086, 5159, 5168–5177, 5194–5203, 5224–5230, 5247, 5251–5255, 5257, 5258, did close the sale of these bonds to C. Cavaroc & Son on these terms, and promised to make a conveyance of the same in due form to the said firm of C. Cavaroc & Son, subject to the ratification of the board. Whereupon the board, taking into consideration the above report of the president, it was

Resolved, That the action of the president, in obtaining and purchasing from the firm of C. Cavaroc & Son the city and slaughter-house bonds, and the exchange stated, and in selling to the said firm for the price thereof 42 bonds (numbered as above) now in transit as above specified, be, and the same are hereby, ratified and confirmed; and that the president and cashier be, and they are hereby, authorized and empowered to make out to the said C. Cavaroc & Son all proper necessary transfers and conveyances of the said bonds to them sold as aforesaid in the full ownership to put them in immediate possession of the same. And the board, considering the present stringency in the money-market and the possible recurrence of the balance of exchanges at the clearing-house being against this association, it was

Resolved, That the president be, and he is hereby, authorized 140 and empowered, in order to cover and settle any balance or balances, to purchase from time to time, from the said firm of C. Cavaroc & Son or from any other firm who shall offer the same, such available securities as shall or may be necessary for the purpose, at the market-price thereof, and to sell, deliver, and transfer to the vendors thereof so many of the old consolidated city 6 per cent. bonds belonging to this association now in the hands of Seignouret Frères of Bordeaux, or in transit, at the market-value thereof, in payment of the same, and to make to said parties all necessary conveyances therefor.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 2, 1873.

REGULAR MEETING.

Present, C. Cavaroc, J. Aldigé.

No quorum.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 2, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; J. Aldigé, A. Tertrou, John Rocchi, A. A. Mouton, E. F. Mioton.

The president stated that, in virtue of the resolution adopted at the meeting of the 1st inst., he had provided for part payment of the 141 clearing-house balance against the bank in this morning's exchanges by procuring securities to the extent of $20,000 belonging to C. Cavaroc & Son against an equal amount of clearing-house certificates.

Whereupon it was

Resolved, That the board hereby ratifies and confirms the sale to C. Cavaroc & Son of 28 city of N. O. old consolidated bonds, numbered 5634–5661, at the stipulated price of 72½, equal to $20,300, giving the president and cashier full power to convey said bonds in due form to the said C. Cavaroc & Son in payment of the above securities for the difference against them, the said C. Cavaroc & Son giving their check for $300.

There being no other business, the board adjourned.

(Signed) C. CAVAROC, *President.*

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 3, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; J. Aldigé, A. Tertrou, John Rocchi, A. A. Mouton, E. F. Mioton.

The president having reported that in virtue of the resolution adopted

138 N. O. NAT. BANKING ASSOCIATION.
New Orleans, October 1, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, J. Aldigé, A. Tertrou, John Rocchi, A. A. Mouton, E. F. Mioton.

The president reported to the board that the balance due by this association at the clearing house this morning was $37,169.11, which it was necessary to make good and provide for; that the firm of C. Cavaroc & Son, for the purpose of aiding and relieving the association, offered to furnish it with certain available securities and with the requisite cash, provided they should be indemnified by the transfer of like securities of the association, not now available in this market: that the said firm, upon their offer being accepted by the president, at once placed at the disposition of the association the following assets, viz:

30 bonds, of $1,000 each, city 7 per cent. gold-bearing interest, @ $62, worth	$18,600
2 bonds of $1,000 each, and 1 bond of $500 of the N. O. Live-Stock Landing and Slaughter-House Co., @ $75, worth	1,875
1 bill of exchange on Schuchardt & Son, N. Y.	10,000
Total value	$30,475

which they agreed to sell to the association for the above price of valuation, payable in bonds belonging to the association now in Bordeaux, France, or in transit therefrom. The president, having accepted the offer so made, took possession of the said bonds and exchange, purchasing the same at the valuation above stated, and at once deposited 139 the same with the clearing-house to make good therein the balance against the association. The president having agreed to sell and transfer to the said firm of C. Cavaroc & Son, in payment of the above, 42 old consolidated city 6 per cent. bonds of $1,000 each, worth this day on the market 72½ each, say the sum of $30,450, which said bonds were lately deposited with Seignouret Frères of Bordeaux, and are now either in their hands or in transit to this place, being bonds of series A, with coupons of January and July, numbered 3337–3341, 5086, 5159, 5168–5177, 5194–5203, 5224–5230, 5247, 5251–5255, 5257, 5258, did close the sale of these bonds to C. Cavaroc & Son on these terms, and promised to make a conveyance of the same in due form to the said firm of C. Cavaroc & Son, subject to the ratification of the board. Whereupon the board, taking into consideration the above report of the president, it was

Resolved, That the action of the president, in obtaining and purchasing from the firm of C. Cavaroc & Son the city and slaughter-house bonds, and the exchange stated, and in selling to the said firm for the price thereof 42 bonds (numbered as above) now in transit as above specified, be, and the same are hereby, ratified and confirmed; and that the president and cashier be, and they are hereby, authorized and empowered to make out to the said C. Cavaroc & Son all proper necessary transfers and conveyances of the said bonds to them sold as aforesaid in the full ownership to put them in immediate possession of the same. And the board, considering the present stringency in the money-market and the possible recurrence of the balance of exchanges at the clearing-house being against this association, it was

Resolved, That the president be, and he is hereby, authorized
140 and empowered, in order to cover and settle any balance or bal-
ances, to purchase from time to time, from the said firm of C.
Cavaroc & Son or from any other firm who shall offer the same, such available securities as shall or may be necessary for the purpose, at the market-price thereof, and to sell, deliver, and transfer to the vendors thereof so many of the old consolidated city 6 per cent. bonds belonging to this association now in the hands of Seignouret Frères of Bordeaux, or in transit, at the market-value thereof, in payment of the same, and to make to said parties all necessary conveyances therefor.

(Signed) C. CAVAROC, *President*.

HENRY BLACHE, *Cashier*.

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 2, 1873.

REGULAR MEETING.

Present, C. Cavaroc, J. Aldigé.

No quorum.

(Signed) C. CAVAROC, *President*.

HENRY BLACHE, *Cashier*.

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 2, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; J. Aldigé, A. Tertrou, John Rocchi, A. A. Mouton, E. F. Mioton.

The president stated that, in virtue of the resolution adopted at the
meeting of the 1st inst., he had provided for part payment of the
141 clearing-house balance against the bank in this morning's ex-
changes by procuring securities to the extent of $20,000 belonging to C. Cavaroc & Son against an equal amount of clearing-house certificates.

Whereupon it was

Resolved, That the board hereby ratifies and confirms the sale to C. Cavaroc & Son of 28 city of N. O. old consolidated bonds, numbered 5634–5661, at the stipulated price of 72½, equal to $20,300, giving the president and cashier full power to convey said bonds in due form to the said C. Cavaroc & Son in payment of the above securities for the difference against them, the said C. Cavaroc & Son giving their check for $300.

There being no other business, the board adjourned.

(Signed) C. CAVAROC, *President*.

HENRY BLACHE, *Cashier*.

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 3, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; J. Aldigé, A. Tertrou, John Rocchi, A. A. Mouton, E. F. Mioton.

The president having reported that in virtue of the resolution adopted at the meeting of the 1st inst., he had provided for a portion of the clearing house balance against the bank on the 1st inst. by procuring from the N. O. Mutual Insurance Association the following assets, to wit:

142	10 bonds, $1,000 each, of the Agricultural Fair Association, @ $50, worth	$5,000
	11 bonds, $1,000, each, of the Slaughter-House Co., @ 75, and 7 bonds, $500, each, of the Slaughter-House Co., @ 75	10,875
	Altogether	$15,875

and that in virtue of the same resolution he had further provided for part payment of the clearing-house balance against the bank in the exchanges of this morning by procuring from Mess'rs C. Cavaroc & Son the following assets charged to bills receivable on the books of the bank, viz:

Gold-note of Webster & Co., due 10–13 Nov	$1,521 35
" " " John I. Adams & Co., due 8–11 Nov	2,250 00
" " " Flash, Lewis & Co., due 25–28 Nov	5,738 83
	9,510 18
Taken by clearing-house @ 10¾ prem	974 79
Equal to	$10,484 97

It is resolved, That the board hereby ratifies and confirms, in payment of the above-described securities, the sale to the N. O. Mutual Insurance Association of 22 of the old consolidated city of New Orleans 6 per cent. bonds of the value of $1,000 each, series A, coupons of January and July, actually in the hands of Seignouret Frères of Bordeaux, or in transit to this place, numbered 5662–5680, 5360, 5392, 5538, at the stipulated price of 72½, equal to $15,950, leaving a difference of $75, settled by check of the insurance association; and to the said firm of C.
143 Cavaroc & Son, 15 of the old consolidated city of New Orleans 6 per cent. bonds of the value of $1,000 each, series A, coupons of January and July, numbered 5542–5544, 5815, 5869, 5877–5879, 1711–13, 840, 1911, 4568, 4769, at the stipulated price of 72½, equal to $10,875, leaving a difference of $390.03, settled by check of C. Cavaroc & Son.

It is further resolved, That the president and cashier be, and they are hereby, authorized and empowered to convey in due form to the said N. O. Mutual Insurance Association, and to the said C. Cavaroc & Son, the above-described bonds in full ownership from this day.

And the board adjourned.

(Signed) C. CAVAROC,
President.

HENRY BLACHE, *Cashier.*

N. O. NAT. BANKING ASSOCIATION,
New Orleans, October 4, 1873.

SPECIAL MEETING.

Present, C. Cavaroc, president; J. Rocchi, J. Aldigé, E. F. Mioton, A. Tertrou, A. A. Mouton.

On motion, it is

Resolved, That in view of the condition of the affairs of this association, and of its eventual immediate suspension, a committee of two

members of this board, to whom shall be adjoined the cashier, be appointed for the purpose of repairing to Washington and conferring with the Comptroller of the Currency, and making with him such arrangements as shall be necessary in order to place the receivership and
144 liquidation of this association in the hands of the board of directors and of its stockholders, and that said committee shall have full power to take such steps and to make any other and further arrangements with the Comptroller of the Currency as they shall deem advisable in the interest of this association.

Resolved further, That Mess'rs Eugene F. Mioton and Jules Aldigé of this board be appointed members of this committee.

And the board adjourned.

(Signed) C. CAVAROC,
President.

HENRY BLACHE, *Cashier.*

145 EXHIBIT AA 3.

Statement of worthless notes held by the New Orleans National Banking Association on and previous to the 30th of June, 1873.

HELD NOTES NOT PROTESTED.

Estelle Poutz	$1,664 00
George B. Shute	3,968 76
O'Neil & Gleason	564 48
E. Lafranc	752 19
T. B. Fitzhugh, $5,450, at 50c	2,725 00
M'r's Seymour	360 00
L. Lalaurie	787 85
E. F. Golsan & Co	1,575 00
E. F. Golsan & Co	2,250 00
William Creevy, 6,896, at 50c	3,448 00
William Wells	200 00
John Dolhonde, (with collaterals,) 7,000	5,000 00
J. Rhodes	5,000 00
M. Carroll	2,500 00
Lagan & Mackinson, (six notes)	4,850 00
F. J. Da Silva	2,042 00
P. J. Pavy & Co	24,000 00

DEMAND NOTES.

C. Roman	1,200 00
W. Scott	150 00
Fairbanks & Gilman	11,233 05
Doizé & Gaines, (with collaterals,) 33,072	23,000 00
D. Boiselle	2,844 50
Derron	300 00

PROTESTED NOTES.

C. Denian	253 00
W. A. Hyde	129 20
John Ray	2,309 83
Isaac Raas	710 00

Joseph Hoy & Co		9,000 05
George B. Shute		8,000 00
Fireman Insurance Company		6,556 67
S. A. Cartwright		120 00
J. U. Carrié		187 84
A. R. Railey		225 33
C. Denian		262 79
John Crosby		500 00
Henry Tete, (with collaterals,) 20,000		15,000 00
Lewis Colomb		1,918 16
L. Moulor		245 00
Joaquim Roses		161 25
Bouligny & Esclapon, (with collaterals,) 10,000		5,000 00
146 Joseph Marette		113 85
J. Roses		175 00
J. R. Powell		4,500 00
P. O. Peyroux		350 00
A. M. Becali		1,508 00
H. F. Wade		250 00
Bridge & Son, (two notes)		1,846 25
J. R. Waterman, (six notes)		4,533 46
A. L. Braunson		280 00
G. Sabatier, (three notes)	4,346	2,173 00
J. M. Peterson		321 00
Lagan & Mackinson, (six notes)	(null)	
Joseph O. Theard, (two notes)		500 00
P. Coffey		215 75
R. Torres		180 50
M. A. De Lizardi & Co		12,000 00
A. F. Jones		10,394 23
J. L. Johnson		996 55
G. G. Gordin	3,260	2,000 00
Total loss on suspended and protested notes		$193,331 49

UNMATURED NOTES.

N. S. Williams, due in 1877		50,606 83
R. Villarrubia	about 20,000	10,000 00
A. A. Mouton	70,000	35,000 00
P. S. Wiltz & Co	60,000	30,000 00

OVERDRAFTS.

Old standing overdrafts by sundries		30,000 00
Overdraft, A. A. Mouton	60,000	30,000 00
Overdraft, P. S. Wiltz & Co	20,000	10,000 00
		$388,938 32

RECAPITULATION OF LOSSES.

Suspense account	$79,000 00
Banks and bankers' account	149,000 00
Bills receivable	15,000 00

Seignouret Frères acc't, (loss on exchange)	50,000 00
Old portfolio	68,000 00
New portfolio, (as per statement annexed)	318,938 32
Overdrafts, as per statement annexed	70,000 00
Shrinkage on stocks and bonds, and depreciation of real estate	70,000 00
	$819,938 32
Notes of H. F. Given & Co., omitted	$20,000 00

147 EXHIBIT AA 4.

WEDNESDAY MORNING, *September* 24, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,661 91	
Discount account	14,194 38	
Profit and loss	988 98	
		27,499 99
C. J. Hambro & Son	42,621 19	
De Sulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		378,905 56
Dividends		5,574 60
Special deposits, 4 per cent		3,450 00
Individual depositors	527,531 84	
Due to banks and bankers	1,697 24	
		529,229 08
Due to F. Schuchardt & Sons, currency account		129,203 98
Due to F. Schuchardt & Sons, gold account		66,232 85
Total		$2,114,652 50

D'R.	RESOURCES.	
Notes and bills discounted	$903,287 75	
Gold-notes and bills disc't	11,702 81	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
148 Suspense account	109,712 48	
		$1,115,211 26
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585,36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	

Furniture and fixtures	6,000 00	
Contingent expenses	11,556 57	
Law charges	201 45	
Protest account	381 28	
Premium "	42,795 94	
Gold "	1,844 46	
		67,281 63
Cash checks on local banks		47,361 59
Perier Frères & Co	4,811 52	
Seignouret Frères, Bordeaux, account F	8,705 75	
Seignouret Frères, Bordeaux, account S	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Fould & Co., Paris	1,586 18	
A. Dutfoy & Co., Paris	13,070 89	
London Joint-Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		100,882 39
Due from National Park Bank		1,305 03
Due from Sternberger, Netter & Seasongood		421 76
Due from banks and bankers		138,961 55
Total		$2,114,652 50

149 THURSDAY MORNING, *September* 25, 1873.

LIABILITIES.		Cr
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	10,654 72	
Exchange account	1,679 54	
Discount account	14,195 26	
Profit and loss	988 98	
		27,518 50
C. J. Hambro & Son	42,621 19	
DeSulzer, Wart & Co	52,920 30	
Crédit Mobiler	218,454 34	
G. Honnorat & Co	22,191 10	
Roderer Frères	42,718 63	
Dividends		378,905 56
Special deposits, 4 per cent		5,574 60
Individual depositors	485,740 96	3,450 00
Due to banks and bankers	1,605 46	
		487,346 42
Due to F. Schuchardt & Sons' currency account		128,705 23
Do. do. gold ac't		66,232 85
National Park Bank, cur'cy ac't		1,282 20
		$2,073,571 80

D'R. RESOURCES.

Notes and bills discounted	$902,673 58	
Gold-notes and bills disc'd	9,520 31	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,112,414 59
U. S. five per cent., new loan	400,000 00	
150 Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,556 57	
Law charges	201 45	
Protest account	381 28	
Premium do.	42,795 94	
Gold do.	1,844 46	
		67,281 63
Cash checks on local banks		5,721 62
Perier Fréres & Co	4,811 52	
Seignouret Frères, Bordeaux, account F	8,705 75	
Seignouret Frères, Bordeaux, account S	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Fould & Co., Paris	1,586 18	
A. Dutfoy & Co., Paris	13,070 89	
London Joint-St'k Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		100,882 39
Due from National Park Bank, gold account		5,063 27
Due from Sternberger, Netter, & Seasongood		421 76
Due from banks and bankers		138,559 25
		$2,073,571 80

151 FRIDAY MORNING, *September* 26, 1873.

LIABILITIES. CR.

Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison street property		395 09
Interest account	$10,654 72	
Exchange account	1,697 04	
Discount account	14,197 01	
Profit and loss	988 98	
		27,537 75
Cash		20,138 62
C. J. Hambro & Son	42,621 19	
De Sulzer, Wart, & Co	52,020 30	
Crédit Mobilier	218,454 34	

G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		378,905 56
Dividends		5,565 60
Special deposits, 4 per cent		3,450 00
Individual depositors	460,505 19	
Due to banks and bankers	691 01	
		461,196 20
Due to F. Schuchardt & Sons, currency account		127,956 81
Due to F. Schuchardt & Sons, gold account		66,232 85
		$2,065,539 83

D'R RESOURCES.

Notes and bills discounted	$900,628 33	
Gold-notes and bills dis	9,520 31	
Bills receivable	22,212 49	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,110,369 34
U. S. 5 per cent. new loan	400,000 00	
152 Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,556 57	
Law charges	201 45	
Protest account	381 28	
Premium account	42,795 94	
Gold account	1,844 46	
		67,281 63
Perier Frères & Co	4,811 52	
Seignouret Frères, Bordeaux, account F	8,705 75	
Seignouret Frères, Bordeaux, account S	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Fould & Co., Paris	1,586 18	
A. Dutfoy & Co., Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		100,882 39
Due from National Park Bank, currency account		484 57
Due from National Park Bank, gold account		5,063 27
Due from Sternberger, Netter & Seasongood		1,652 36
Due from banks and bankers		136,578 98
		$2,065,539 83

153 SATURDAY MORNING, *September* 27, 1873.

LIABILITIES. CR.

Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,666 13	
Discount account	14,267 20	
Profit and loss	988 98	
		27,577 03
Cash		33,109 38
C. J. Hambro & Son	42,621 19	
De Sulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		378,905 56
Dividends		5,493 60
Special deposits 4 per cent		3,450 00
Individual depositors	445,120 88	
Due to banks and bankers	928 37	
		446,049 25
Due to F. Schuchardt & Sons, currency account		127,956 81
Due to F. Schuchardt & Sons, gold account		66,232 85
		$2,063,330 92

D'R. RESOURCES.

Notes and bills discounted	$896,798 33	
Gold-notes and bills dis	9,520 31	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
154 Suspense account	109,712 48	
		$1,106,539 34
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,556 57	
Law charges	201 45	
Protest account	384 28	
Premium account	42,795 94	
Gold account	1,884 46	
		67,284 63
Perier Frères & Co.	4,811 52	
Seignouret Frères, Bordeaux, account F	8,599 40	
Seignouret Frères, Bordeaux, account S	16,462 56	

Seignouret Frères, Bordeaux, account K and M	10,767 93	
Fould & Co., Paris	1,586 18	
A. Dutfoy & Co., Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,645 53	
A. Lafargue & Co	48 16	
		100,776 04
Due from Nat. Park Bank		2,209 01
Due from Nat. Park Bank, gold account		5,063 27
Due from Sternberger, Netter & Seasongood		1,652 36
Due from banks and bankers		136,578 98
		$2,063,330 92

155 MONDAY MORNING, *September* 29, 1873.

LIABILITIES.		CR.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,620 15	
Discount account	14,267 20	
Profit and loss	988 98	
		27,531 05
Cash		69,161 03
De Sulzer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		336,284 37
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	423,670 15	
Due to banks and bankers	928 37	
		424,589 52
Due to F. Schuchardt & Sons, currency account		127,154 72
Due to F. Schuchardt & Sons, gold account		66,255 12
National Park Bank, cur. ac't		2,796 35
		$2,037,281 20

DR. RESOURCES.		
Notes and bills discounted	866,398 33	
Gold notes and bills dis	9,520 31	
Bilis receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
156 Suspense account	109,712 48	
		1,076,139 34
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29

United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,565 57	
Law charges	201 45	
Protest account	384 28	
Premium account	42,795 94	
Gold account	1,844 46	
		67,293 63
C. J. Hambro & Son	9,520 02	
Seignouret Frères, Bordeaux, account F	6,319 37	
Seignouret Frères, Bordeaux, account S	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co., Paris	1,586 18	
A. Duttoy & Co. Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		108,016 03
Due from National Park Bank, gold account		5,063 27
Due from Sternberger, Netter & Seasongood		1,812 11
Due from banks and bankers		135,729 53
		$2,037,281 20

157 TUESDAY MORNING, *September* 30, 1873.

LIABILITIES.

		Cr.
Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	$10,654 72	
Exchange account	1,620 15	
Discount account	14,351 74	
Profit and loss	988 98	
		27,615 59
Cash		101,379 96
De Suizer, Wart & Co	52,920 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer & Co	42,718 63	
		336,284 37
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	388,234 09	
Due to banks and bankers	928 37	389,162 46
Due to F. Schuchardt & Sons, currency account		124,160 97
Due to F. Schuchardt & Sons, gold account		66,255 12
National Park Bank		3,626 35
		$2,031,984 86

DR. RESOURCES.

Notes and bills discounted	$861,881 33	
Gold-notes and bills dis	8,793 74	
Bills receivable	22,212 45	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
158 Suspense account	109,712 48	
		$1,070,895 77
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	202,585 36	
Real estate	40,641 93	
		643,227 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	11,565 57	
Law charges	201 45	
Protest account	384 28	
Premium account	42,795 94	
Gold account	1,844 46	
		67,293 63
C. J. Hambro & Son	9,520 02	
Seignouret Frères, Bordeaux, account F	6,266 60	
Seignouret Frères, Bordeaux, account S	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co., Paris	1,586 18	
A. Dutfoy & Co., Paris	13,070 89	
London Joint Stock Bank, London	14,793 87	
Crédit Suisse	30,635 53	
A. Lafargue & Co	48 16	
		107,963 26
Due from National Park Bank, gold account		5,063 27
Due from F. Schuchardt & Sons		1,812 11
Due from Sternberger, Netter & Seasongood		135,729 52
		$2,031,984 86

159 SATURDAY MORNING, *October* 4, 1873.

LIABILITIES. CR.

Capital stock		$600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madisons-treet property		395 09
Interest account	10,654 72	
Exchange account	1,337 27	
Discount account	15,230 15	
Profit and loss	638 98	
		27,861 12
Seignouret Frères, Bordeaux, account F	44,421 72	

C. J. Hambro & Son	26,115 51	
De Sulzer, Wart & Co	52,380 30	
A. Dutfoy & Co., Paris	29,586 60	
		152,504 13
Dividends		5,493 60
Special deposits, 4 per cent		3,450 00
Individual depositors	306,775 31	
Due to banks and bankers	915 14	
		307,690 45
Due to F. Schuchardt & Sons, gold account		66.255 12
Nat. Park Bank, cur'cy account		3,668 33

D'R. RESOURCES.

Notes and bills discounted	$860,621 93	
Gold notes and bills dis	8,793 74	
Bills receivable	92,845 36	
Notes and bills dis. and sus. paper, old portfolio	68,295 77	
Suspense account	109,712 48	
		1,140,269 28
U. S. 5 per cent., new loan	400,000 00	
Bonds and securities	161,360 36	
160 Real estate	40,641 93	
		602,002 29
United States taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	13,438 67	
Law charges	201 45	
Protest account	381 28	
Premium account	42,795 94	
Gold account	2,720 20	
		70,039 47
Cash checks on local banks		65,170 11
Seignouret Frères, Bordeaux, account S	16,462 56	
Seignouret Frères, Bordeaux, account K and M	10,767 93	
Crédit Suisse	30,635 53	
Fould & Co., Paris	1,586 18	
Perier Frères & Co.	4,811 52	
London Joint St'k Bank, London	14,527 22	
A. Lafargue & Co.	48 16	
		78,839 10
Due from National Park Bank, gold account		5,063 27
Due from F. Schuchardt & Sons		2,651 54
Due from Sternberger, Netter & Seasongood		812 11
Due from banks and bankers		131,118 82
		$2,095,965 99

(For Exhibits AA 5 and AA 6, offered by defendants, see pages 236 to 240, after defendants' testimony.)

161 EXHIBIT AA 7.

Articles of association.

We, the undersigned, the directors of the Bank of New Orleans, in the city of New Orleans, in the State of Louisiana, having been authorized by the owners of two-thirds of the capital stock of said bank to change and convert the said bank into a national banking association, under and according to the provisions of the act of Congress entitled "An act to provide a national currency, secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof," approved June 3, 1864, and to execute articles of association, do hereby, in our own behalf and in behalf of the stockholders whom we represent, make and execute the following articles of association:

1st. The name and title of the association into which the said Bank of New Orleans is to be changed and converted shall be the New Orleans National Banking Association.

2d. The place where its banking house or office shall be located and its operations of discount and deposit car on, and its general business conducted, shall be the city of New Orleans, in the parish of Orleans and State of Louisiana.

3d. The board of directors shall consist of twelve stockholders.

The regular annual election of directors shall be held on the second Monday of January of each year; but if no election shall be held on
that day, it may be held on any other day, according to the pro-
162 visions of the tenth section of the act, and all elections shall be
held according to such regulations as may be prescribed by the board of directors of the association, not inconsistent with the provisions of the aforesaid act.

4th. The capital stock of this association shall be ($600,000) six hundred thousand dollars, to be divided into shares of thirty dollars each; but the capital may be increased, according to the provisions of the thirteenth section of the act, to any sum not exceeding fifteen hundred thousand dollars; and in case of the increase of the capital of the association, each stockholder shall have the privilege of subscribing for such number of shares of the proposed increase of the capital stock as he may be entitled to according to the number of shares owned by him before the stock is increased.

5th. The board of directors (a majority of whom shall be a quorum to do business) shall elect one of their number to be president of this association, who shall hold his office (unless he shall become disqualified, or be sooner removed by a two-thirds vote of all the members of the board) for the term for which he was elected a director; and they shall have power to elect a vice-president, who shall also be a member of the board of directors, and to elect or appoint a cashier and such other officers and clerks as may be required to transact the business of the association; to fix the salaries to be paid to them, and continue them in office or to dismiss them, as, in the opinion of the majority of the board, the interests of the association may demand. They shall also have power to define the duties of the officers and clerks of the association, to require bonds
from them, and to fix the penalty thereof; to regulate the manner
163 in which elections of directiors shall be held, and to appoint judges
from the elections; to provide for an increase of the capital of the association, and to regulate the manner in which such increase shall be made; and generally to do and perform all the acts that it may be legal for a board of directors to do under the act aforesaid; and they shall also have the power to make all by-laws that it may be proper and convenient for them to make, under said act, for the general regulation of the business of the association and the entire management and administration of its affairs; which by-laws may prohibit, if the directors shall so determine, the transfer of stock owned by any stockholder who

may be liable to this association, either as principal debtor or otherwise, without the consent of the board.

6th. This association shall continue for the period of twenty years from the date of the organization certificate, unless sooner dissolved by the act of its stockholders owning at least two-thirds of its stock, who may dissolve and close up the association in such manner as they may deem to be for the interest of the stockholders and creditors of the association, but subject to the restrictions, requirements, and provisions of the act.

7th. The articles of association may be changed or amended at any time by stockholders owning a majority of the stock of the association, in any manner not inconsistent with the provisions of the act; and the board of directors, or any three stockholders, may call a meeting of the stockholders for this purpose.

In witness whereof we, the directors aforesaid, for ourselves as such
directors, and in behalf of the stockholders of the Bank of New
164 Orleans, have hereunto set our hands this third day of April,
eighteen hundred and seventy-one.

S. Cambon.
Leon Haas, Jr.
E. K. Converse.
E. F. Mioton.
F. B. Fleitas.
J. Aldigé.
C. Cavaroc.
F. E. Bomard.
Cha's de Ruyter.
W'm Von Phul.
A. Thibaut.
P. S. Wiltz.

I certify that the articles of association of the New Orleans National Banking Association were executed in duplicate, and that one of the instruments so executed is the foregoing and stamped in the same manner, is on file with said banking association.

Dated at New Orleans this third day of April, A. D. 1871.

C. CAVAROC,
President.

United States of America,
District of Louisiana, ss:

I, Francis A. Woolfley, commissioner of the circuit court of the United
States, district of Louisiana, duly appointed by agreement of parties
to take the testimony of Henry Blache and Charles De Armas, witnesses
on the part of the complainant, do hereby certify that, on the days
165 named in the depositions hereto annexed, I was attended at the
office of J. D. Rouse, esq., No. 3½ Carondelet street, in the city
of New Orleans, by the counsel and witnesses aforesaid; that the witnesses were duly sworn and examined, and the depositions reduced to
writing and read to the witnesses, and by them subscribed in my presence, and that Exhibits AA 1 to AA 7, inclusive, were introduced in
evidence in said cause during the taking of said depositions.

And I further certify that the depositions of Gustave Legardeur, George Lanaux, Amilcar Fortier, Paul Fouchy, E. H. Reynes, Tho's Janney, Gustave Blache, F. F. Case, (cross-examination omitted,) Albert Baldwin, W. R. Lyman, M. F. Bonis, and Eugene F. Mioton, taken on behalf of complainant in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. Charles Cavaroc & Son et al., No. 7064 of the docket of the U. S. circuit court, district of Louisiana, were by consent of parties, subject to further cross-examination, offered in evidence by the complainant in this case.

New Orleans, May 2 d, 1875.

(Signed) F. A. WOOLFLEY,
Comm'r U. S. Circuit Court, Dis't of Louisiana.

166 *Testimony for defendants.—Filed May 22d, 1875.*

United States circuit court, district of Louisiana, in equity.

JOHN COCKREM, RECEIVER OF THE NEW ORleans Nat. Banking Association,
vs.
LOUIS SCHNEIDER ET AL.
No. 7069.

Testimony taken on behalf of defendants, pursuant to agreement of parties, before F. A. Woolfley, commissioner of the circuit court of the United States, district of Louisiana.

NEW ORLEANS, *March 8th*, 1875.

Present, John Finney, esq., for defendants; J. D. Rouse & J. R. Beckwith, for complainant.

Defendants offer in evidence the depositions of Jules Aldigé, George Jonas, and Samuel H. Kennedy, taken on behalf of defendants in cases of John Cockrem, receiver of the New Orleans National Banking Association, vs. Charles Cavaroc & Son et al., and the National Park Bank of New York et al., Nos. 7064 and 7072, respectively, of the docket of the U. S. circuit court, district of Louisiana.

GEORGE JONAS, a witness produced and sworn on behalf of defendants, deposes and says:

167 By M'r Finney:

Ques. You are president of the New Orleans Canal and Banking Company?

Ans. Yes, sir.

168 Ques. You are one of the trustees of the clearing-house, under an agreement between the associated banks made in September, 1873?

Ans. Yes, sir.

Ques. The trustees are named in the agreement?

Ans. Yes, sir; i believe so.

Ques. You were president of the Canal Bank at the time the banks suspended in September, 1873?

Ans. Yes, sir.

Ques. And had been for some years?

Ans. Yes, sir.

Ques. Will you state what was the financial situation generally in the United States about that time and prior?

Ans. You mean the time of the suspension here?

Ques. Yes; the 25th of September, 1873, was it not?

Ans. Yes, sir. The banks all over the country had suspended currency payments.

Ques. Previous to the suspension here?

Ans. Yes, sir.

Ques. The banks in New York?

Ans. The banks in New York, Philadelphia, and Boston. There were some exceptions, I believe, in the West, but generally in financial centres.

Ques. At that time, say the time of the suspension of the banks here, state how the balance of trade was between New Orleans and the Northwest.

Ans. It was against New Orleans. Although at that season of the year the payments of merchants were comparatively light, still it was against us in New Orleans, and exchange on New York was at a premium.

Ques. What was the cause of that balance of trade between New Orleans and the Northwest—what trade is the Northwest engaged in?

169 Ans. Provisions.

Ques. At that time, after the general suspension in the United States, how were provisions furnished by the Northwest and the South required to pay?

Ans. All obligations had to be paid in currency and remitted in exchange.

Ques. They exacted payment in currency at that time?

Ans. Yes, sir.

Ques. In ordinary times how is that thing done; how is the price of provisions, sent from the Northwest here, received by the Northwest?

Ans. It is generally remitted to the Northwest in exchange on New York.

Ques. That is, it is paid for here in currency, and that currency is invested in exchange on New York?

Ans. Yes, sir.

Ques. In that state of the case there is no drain of currency?

Ans. No, sir; not in ordinary times.

Ques. At that time, say about the time of the suspension of the banks in New Orleans, what was the condition and state of the crops of the South, sugar and cotton; were they ready for the market or not?

Ans. No, sir; it was too early.

Ques. Will you state whether or not at that time exchange on New York was obtainable here?

Ans. Well, after the suspension it was almost impossible to get exchange at all for some time, and then at an almost usurious rate of premium.

Ques. Considering the circumstances that you have just stated, the general suspension of banks in commercial centers, the balance
170 of trade being against us, the fact that provisions had to be paid for in currency, and exchange could not be obtained on New York, state whether or not banks in New Orleans, if they had ample resources other than currency, could go on paying currency unless they had a dollar of currency for every dollar of liability.

(M'r Beckwith, for complainant, objects to the question as irrelevant, and asks the opinion of the witness on a suppositious state of facts not relating to any matter involved in this action.)

Ques. State if you could obtain currency; and, if so, how.

Ans. At that time it was considered advisable by the banks of New Orleans—the suspension of the North being a drain upon them—to stop paying currency, or they would have lost all. They could not continue to do it. The suspension at the North increased the premium on currency and created the panic.

Ques. Yourself, M'r Louis Schneider, and Patrick Irwin were the trustees appointed by the associated banks under the agreement marked "Exhibit B," filed with defendants' answer to this case?

Ans. Yes, sir.

Ques. After the suspension of currency payments here, how did the banks of New Orleans settle with their depositors; how did they settle the checks upon them?

Ans. They paid in clearing-house certificates and certified checks.

Ques. That is to say, checks were certified when demanded, and then deposited?

Ans. Yes, sir. You mean if a party presented a check in a bank for payment.

171 Ques. Well, all banks had deposits; but I want to know how, in point of fact, checks drawn upon banks were settled.

Ans. They were certified.

Ques. They were certified or deposited in some bank to the credit of the clearing-house?

Ans. Yes, sir; to credit of depositor.

Ques. Will you state whether that mode of settlement of checks upon banks was acquiesced in or not, generally, in New Orleans?

(M'r Beckwith, for complainant, objects to the question as irrelevant and a matter of no importance or pertinancy whether it was generally acquiesced in or not.)

Ans. There was a general acquiescence.

Ques. Were depositors satisfied with that mode of settlement?

Ans. They appeared to be so, but of course they preferred to have had currency.

Ques. You can state the mode of settling balances at the clearing-house after the suspension, can you not?

Ans. Yes, sir.

Ques. State it clearly.

Ans. The modus operandi was this: The runners from every bank in the city went to the clearing-house every morning with the checks in sealed envelopes. The manager never seals the envelope, but on the outside is the amount against the bank.

Ques. For instance, your bank would send the checks that you held against the other banks in sealed envelopes?

172 Ans. Yes, sir; each bank sends the checks that it holds against the associated banks. The checks of each bank are in a separate sealed envelope.

Ques. Each bank does that?

Ans. Yes, sir; and as soon as it is ascertained by the manager of the clearing house who are debtors or who are creditors, he gives his check on the debtor banks to the creditor banks, and the one balances the other. The creditor banks present to the debtor banks the manager's checks and get the money. In that case they got clearing-house certificates.

Ques. That is to say, if your bank, for instance, was a creditor bank for $30,000 against the various associated banks, and one of the banks was a debtor bank for $30,000, the manager of the clearing-house would probably settle with the creditor bank with a check for $30,000 on the debtor bank which owed that $30,000?

Ans. No, sir. It is all added up, a certain amount of debtor and a certain amount of creditor banks, and he gives his check upon the debtor banks.

Ques. He distributes the amount due among the debtor banks as suits his convenience?

Ans. Yes, sir. The debtor bank at that time, in order to obtain the means of paying, brought to the trustees securities valued at, I think, 125 to the dollar, and obtained clearing-house certificates for the amount.

Ques. And these were used in settlement of the balances?

Ans. Used in settlement of the balances.

Ques. What was the credit of the New Orleans National Banking Association down to the time of its suspension, as far as your knowledge went?

173 Ans. As far as my knowledge goes, the bank was in fair credit up to the time of shutting her doors.

Ques. Did you deal with her as in good credit?

Ans. Yes, sir.

Ques. Did you buy exchange from her?

Ans. Yes, sir.

Ques. Can you hand in a list of what you bought?

Ans. Yes, sir; it has been handed in. Our bank bought bills from May up to the middle of September for large amounts.

Ques. Did you bring the receipt that M'r Rouse gave you for what you handed him?

Ans. No, sir; I thought it was not necessary.

Cross examined by Mr. Rouse:

Ques. Did the banks of Chicago generally suspend currency payments at the time you speak of?

Ans. I do not know; there were some exceptions.

Ques. Did not the Chicago banks generally continue currency payments?

Ans. I am under the impression they did.

Ques. Was not their continuous payments followed during the panic of 1873 by large accessions of currency to them?

Ans. That I do not know.

Ques. Did not several banks in New Orleans refuse to join in the combination for the suspension of currency payments?

Ans. There were two of them.

Ques. Were there not three?

Ans. The Southern Bank and the Mechanics' and Traders'. I do not know of any others.

174 Ques. The Workingmen's Accommodation Bank?

Ans. Well, I do not know.

Ques. Did not the Southern Bank largely increase its currency during the time that the other banks of New Orleans were in suspension?

Ans. It may have done so. All the other banks increased their currency, too.

Ques. Were not large amounts of currency brought here for the purpose of buying up cotton?

Ans. Yes, sir; after the suspension.

Ques. Were you not consulted on the Saturday previous to the suspension of currency payments in regard to such a movement?

Ans. No, sir; I was out of town.

Ques. Were you not consulted before you went out of town?

Ans. Well, I was told in the evening, on leaving town, that there was to be a meeting that night on the subject.

Ques. Had they not asked you to join in such a movement, and you expressed your opinion against it?

Ans. Not that I recollect. They took action in my absence.

Ques. Did you not say upon first hearing of it that it was an unnecessary movement?

Ans. My first impression was, when I heard it the next morning, that it was unnecessary. I thought it was ill-timed.

Ques. Did you not look upon the meeting called during your absence as a movement made during your absence to avoid your opposition?

Ans. No, sir.

Ques. Did you not say so?

175 Ans. No, sir; our bank was represented there by the cashier.

Ques. Did you know that it was to be represented at that meeting?

Ans. Yes, sir; I told him that it had been intimated to me, and that he had better go and see what they intended doing, but I gave him no instructions. I now recollect that he took one of our directors with him, and they concluded it advisable to go into the movement for the general good.

Ques. Did the S't Louis banks generally suspend?

Ans. Some of them did.

Ques. Did they generally?

Ans. I think not.

Ques. Do you say that you heard no rumors prejudicial to the credit of the New Orleans National Banking Association prior to its failure?

Ans. If I had, I should not have continued to buy their exchange. I may have heard conversations of that sort, and they are always going on; opinions are expressed in favor of one bank or another.

Ques. Were the banks strong in money, or cash on hand, during the summer of 1873?

Ans. No, sir; not as usually.

Ques. Was their portfolio collected at maturity or renewed?

Ans. Most of it was renewed, or payments made in part.

Ques. Would not the suspension of one bank have disastrously affected the others during the summer of 1873?

176 Ans. Well, the failure of a bank has always a bad effect upon the others.

Ques. Would it not have been peculiarly disastrous during that summer?

Ans. I think it would.

Ques. Is it not a fact that the banks were weak in currency, and in possession of portfolios which were not collectable generally, which rendered it almost imperative upon each bank to do what it could to sustain others?

Ans. Well, it is always the interest of a bank to aid and sustain another when it can do so safely.

Ques. What would have been the effect of your refusing to buy exchange drawn by the New Orleans National Banking Association; would it not have discredited it?

Ans. Not in the least.

Ques. But would not your refusal to purchase it because it was issued by them bring it into discredit?

Ans. If I said the bills did not suit me, it would not discredit it. I would not buy bills of that bank or others when I did not want them.

By M'r Beckwith:

Ques. Suppose during the summer of 1873 the broker of whom you say you bought the bills of the New Orleans National Banking Associa-

tion had presented to you bills on New York of the banking association and you had refused to take them, and said nothing for your reason, and had continued during the same day buying other and better
exchange on New York, showing that you were in the market
177 purchasing exchange; would it have the effect of discrediting the
New Orleans National Banking Association when you refused
their bills when offered?

Ans. No, sir; I think not. We have our reasons for buying particular bills. A bill of a bank in high credit might be brought to me today and I would decline to buy it, but a bill of Silkenstadt, a banker in high credit, I might buy, because they keep a large account with us, when I would not buy any other bills. They are our customers. I am offered bills every day and I decline to buy them; but from my customers I will buy. It does not injure a bank at all if I refuse to buy.

Ques. Suppose that you had rejected a bill or banker's draft on New York of the New Orleans Banking Association, and had the same day bought exchange on New York from the Germania Bank, would not that discredit the New Orleans Banking Association?

Ans. It might. Had a broker offered both bills, and I had refused to buy the one, and he had brought me the other and I bought that, it would have that effect, because that would be showing an invidious distinction; but such cases as that never occur.

Ques. You were not in a condition, any of your banks, to discredit voluntarily any other bank *on* New York by refusing its bills?

Ans. I do not consider that I injure the credit of a bank by refusing its exchange. There might be a hundred different reasons why I would not want it. The only way we could repudiate a bank and injure it would be to refuse to receive the checks of that bank on deposit. That
is the only way we could discredit it, not by refusing to buy its
178 bills of exchange. I refuse to buy bank bills of exchange every
day without compunction, but that does not injure the credit of
the bank.

By M'r Rouse:

Ques. State when you received the securities from the New Orleans National Banking Association; give the dates.

Ans. I have not got them with me; you have got them here. The securities were handed in when they asked for certificates.

Ques. I want the dates on which they were delivered to you.

Ans. I will furnish them.

Ques. Please furnish a statement showing the amount of securities delivered to you by the New Orleans National Banking Association under your agreement, and the date of each delivery.

Ans. These things, in fact, it is impossible to furnish. We can furnish the date that they handed in the securities and issued certificates, but we cannot state the amount of the collaterals and the certificates made out for them, because as soon as the certificates were issued the collaterals went into the bank. The committee met every morning, when the collaterals were handed in, and a calculation made, 125 for 100 clearing-house certificates were made out, and the collaterals were pinned together on a piece of paper on the outside, stating the amount and the issue of a certain amount of clearing-house certificates.
When the banks took these up, they got their collaterals back
179 again. And in the case of the banking association, as they were
redeemed the collaterals all went back. You have a statement
of all the collaterals handed to us in the first place.

By M'r Beckwith:

Ques. Do I understand you to say that, in regard to the New Orleans National Banking Association, when you issued a certificate for that bank you took the requisite amount of collaterals and pinned them together; endorsed them as collaterals to secure particular clearing-house certificates that were issued; that they remained in that shape until the clearing-house certificate was redeemed, and when redeemed, you then took these endorsed collaterals together and returned them to the New Orleans National Banking Association, or held them to be used to secure other certificates that might be required by the banking association?

Ans. We did not return them to the bank, because it failed. Their box was handed over to us, and we paid the clearing-house certificates as they were presented by the different banks who received them. We have accounted for the collaterals. In other words, we issued one hundred and ninety-one thousand (191,000) clearing-house certificates, and we received collaterals for that amount and twenty-five per cent. more.

Ques. You had custody of these collaterals, and expended them in redeeming certificates that you had issued?

Ans. Yes, sir.

Ques. Is there any exhibit which you furnish here that shows
180 the precise date at which you redeemed the certificates issued to
the New Orleans National Banking Association?

Ans. If it is not here I can furnish it very easily.

Ques. Have you with you or can you give us the form of one of the certificates issued by the clearing-house committee to the New Orleans National Banking Association?

Ans. We can do so without any trouble.

Ques. Can you produce an entire list of the cancelled or redeemed certificates issued?

Ans. Yes, sir.

Ques. Will you produce them?

Ans. Yes, sir.

Ques. Do these certificates in the cancellation, on their face, show the date of cancellation?

Ans. No, sir; but our record shows that. I do not know but what they may show it. I think they do.

Ques. Are these in serial numbers?

Ans. Yes, sir.

Ques. These serial numbers so referred to in the record show the date of the redemption of each certificate?

And. Yes, sir; the numbers are all put down.

Ques. Will you answer me if I state correctly the operations of your clearing-house committee? To illustrate it, we will take, for instance, the Germania Bank. The object intended to be subserved in the clearing-house committee in the issue of certificates was, I understand, to enable the banks to carry on their daily operations. Now, if a depositor in the Germania Bank deposited in that bank a check on your bank, in the due course of the clearing-house business that check of your bank
would find its way to the clearing-house the next morning?

181 Ans. Yes, sir.

Ques. Now, in order to make that check good at the Germania Bank, you deposit securities with the clearing-house, and they issue to you a certificate of the fact that you have deposited securities to the amount of this check and you obtain this certificate. That certificate is used in settling your indebtedness to the Germania Bank on account of the check deposited with it the day before. And the deposits of these securities with the clearing-house committee was to settle the balances between the banks growing out of the deposits of other banks with the depositing bank ?

Ans. That would have been the operation if the Germania Bank and the Canal Bank were the only banks in the agreement.

Ques. Did the clearing-house committee at the time of the issue of these clearing-house certificates know or had they any means of knowing to what banks the certificates were to go, and what balances were to be settled by them ?

Ans. Of course, after their exchanges. That was their business.

Ques. How did they know it ?

Ans. We attended at the clearing-house every morning to ascertain who were the debtor and who were the creditor banks, and to furnish certificates.

Ques. Then you knew at the close of each morning's operation, or session, what banks in the city owed balances which had to be settled by clearing-house certificates ?

Ans. Yes, sir; we went there every morning and found it.

182 Ques. At the close of each day's committee you knew from what banks balances were due, and what banks needed clearing-house certificates to settle their daily balances ?

Ans. Yes, sir.

Ques. Did you know to what particular banks these clearing-house certificates were to be delivered ?

Ans. They could tell. There were creditor banks, and the debtor banks had to pay to the creditor banks.

Ques. Did the clearing-house committee attend to the delivery of these certificates to the particular banks that needed them ?

Ans. Yes, sir; because they gave us the collaterals, and we signed the certificates and gave them.

Ques. To whom did you deliver these certificates—the party to whom they were issued or the party entitled to them ?

Ans. The bank that wanted them, on their furnishing the collaterals.

Ques. What means had you of knowing, if any, that these certificates were appropriated to and used for that purpose ?

Ans. We knew the purpose they were obtained for; we did not give certificates unless the parties owed.

Ques. Had you any control of that certificate after you delivered it to the party applying for it ?

Ans. No, sir; only the record of it. The bank could do with it as it pleased in paying its liabilities.

Ques. Did you, as the clearing-house committee, examine at any time the books of the New Orleans National Banking Association, or any other of the banks included in that agreement, to ascertain whether
183 the balances against them were the result of overdrafts or funds actually deposited ?

Ans. No, sir; we never examined any banks.

Ques. And had no means of knowing it ?

Ans. No, sir; we knew the balances against them in the clearing-house, and knew nothing outside of the clearing-house.

Ques. You had no means of knowing whether or not the balances against the New Orleans National Banking Association was made up of checks, or of their being overdrafts of individual accounts ?

Ans. We knew nothing about it.

Ques. Did you use any care or exercise any solicitude to ascertain ?

Ans. We had no cause to.

Ques. Then, had a balance existed any one day against the New Orleans National Banking Association based upon checks issued by that association and deposited by other banks to the amount of $100,000, and every one of these checks had been an overdraft, it would have been cleared the same way?

Ans. It was impossible for the clearing house to know anything about it; so long as the collaterals were put up, we had to furnish the certificates.

Ques. You had no general interest in other banks?

Ans. No, sir; but these certificates answered them to pay their deposits.

By M'r Finney:

184 Ques. The subpœna in this case was served on the 19th November, 1873; state what amount of clearing-house certificates issued to the New Orleans National Banking Association had been redeemed at that time.

Ans. Up to the 19th November there had been redeemed $129,000.

GEO. JONAS.

Subscribed and sworn before me March 8th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the United States.

(See continuation L. Schneider's testimony, on March 8th, 1875, page .)

NEW ORLEANS, *March 15th*, 1875.

Present, John Finney, esq., for defendants.
" J. D. Rouse & J. R. Beckwith, esq., for complainants.

George Jonas recalled.

Defendants offer in evidence the statement marked "J 1," to show the issues and dates of issues of clearing-house certificates to the New Orleans National Banking Association, and the redemptions and dates of redemptions of the same.

Also, all of the clearing-house certificates redeemed that are mentioned in said statement marked "J 2" to "J 55" inclusive.

Cross-examined by M'r Rouse:

Ques. How do you know that the dates of the redemption of the certificates as stated in the statement marked "J 1" is correct?

Ans. Because it is entered in the book at the time that the redemptions took place; at these dates.

185 Ques. Who made the entry?

Ans. The entries were all made by M'r Schneider.

Ques. You do not know yourself?

Ans. Yes, sir; I saw them; we were all three present when it was done.

Ques. During the suspension of the banks in 1873 were notes generally paid at maturity?

Ans. No, sir; not generally.

Ques. Extensions were generally granted?

Ans. People would come and either renew with the same securities, or pay a part, give other names, and extend.

Ques. How did you realize the money with which you redeemed the certificates?

Ans. By collections.

Ques. Altogether by collections?

Ans. No, sir; by collections and the sale—according to the statement sent you some time ago—of bonds and stock. The account shows that.

Ques. When were these bonds sold?

Ans. The account shows that. I cannot tell without referring to the books. You have the account.

Ques. You have reference to gold bonds?

Ans. Yes, sir; that is the only bond, and probably some slaughter-house bonds. I know they were sold remarkably well, at a great deal more than they are worth now.

Ques. Were they not sold after this suit was commenced, and after you had been served with the injunction herein?

Ans. I think not. The statement shows the date of the sale, which you have, showing the account.

186 Ques. You say I have such a statement?

Ans. Yes, sir.

Ques. How do you know I have such a statement?

Ans. Because it was sent here to M'r Cockrem.

Ques. Did you send him more than one statement?

Ans. Well, there may be two, but I recollect sending him a full and detailed statement.

Ques. You seem to have realized money very rapidly in the month of November from the collaterals which you got from the New Orleans National Banking Association. Can you state how you realized that money?

Ans. Yes, sir; they had an excellent portfolio.

Ques. Was that money all realized by collections?

Ans. Nearly all.

Ques. Can you tell what particular notes were paid, if the statement was shown to you?

Ans. That is impossible, but the statement shows it.

Ques. Did you not keep an account of the collections made by you showing the date of each collection?

Ans. Yes, sir; certainly. That account current shows it. How can an account current be made out to show otherwise when there is a credit of a collection that shows the date it was paid?

Ques. Can you produce a duplicate of that account current?

Ans. It will take me a long time to make it out, and all the bookkeepers at it. It is in the bank; but it will take a week to make it out. M'r Cockrem has it.

Ques. Were any of these notes paid before maturity?

Ans. No, sir; I don't recollect one being paid before maturity.

Ques. Or any of them sold?

187 Ans. No, sir.

Ques. Or discounted with other banks?

Ans. Probably a gold-note may have been discounted, but that is also stated in the account, two or three days before maturity.

Ques. Were all the other sums derived from the collections of notes or sale of bonds?

Ans. Yes, sir.

GEO. JONAS.

Subscribed and sworn before me March 15th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

Examination adjourned to Tuesday, March 16th, 1875.

NEW ORLEANS, *March 16th*, 1875.

Present: John Finney, esq., for defendants; J. D. Rouse & J. R. Beckwith, esq's, for complainant.

George Jonas, a witness for defendant, recalled for cross-examination.

By M'r Rouse:

Ques. Examine Exhibit G, annexed to your answer in this case, and state whether or not that is the copy of the account current of which you spoke the other evening.

Ans. Yes, sir.

Ques. And state whether that is the document which you said it would take a week to make a copy of.

Ans. Yes, sir; that is it.

Ques. In this statement is noted a sale of $30,000 seven per
188 cent. gold-bonds, reported as being sold on the 17th November.
What occasion was there for selling these bonds at that time?

Ans. Well, the trustees deliberated among themselves, and we came to the conclusion that as we had to realize in order to take up the certificates, we could not sell them at a better time.

Ques. They were considerably higher after that?

Ans. Not that I recollect.

Ques. Do you know that they were higher than the price you paid for them after the maturity of the interest in January?

Ans. I do not know.

Ques. I notice also a report of a sale of $17,000 of slaughter-house bonds on the 18th of November. What was the occasion for selling them?

Ans. To place us in funds to take up the certificates.

Ques. Were they not afterwards very considerably higher?

Ans. I believe they were.

Ques. Are they not yet much higher?

Ans. I do not know the market value now.

Ques. At the time of these sales had you not heard of this suit being instituted?

Ans. No, sir.

Ques. Did you not hear of the suit several days before the subpœna was served upon you?

Ans. No, sir.

Ques. Did you not hear that such a suit was to be brought?

Ans. I never heard until I got the notice.

189 Ques. At the time you delivered these certificates and received
these assets, including these bonds, was there any act of pledge
in your favor?

Ans. There is a notarial act of pledge.

Ques. You refer to the act of the 25th September, 1873, the agreement between the banks?

Ans. Yes, sir.

Ques. There was no other act?

Ans. No, sir.

Ques. There was no act of pledge of these notes?

Ans. No, sir; no special act.

Ques. Were you authorized to sell these bonds without legal proceedings?

Ans. We considered we were.

Ques. Did you have any direct authorization to that effect?

Ans. No, sir; nothing more than the general notarial act.

Ques. That is all the authority you had in the premises?

Ans. That is the only authority which applied to all the banks.

Ques. Did your bank discount at maturity *of* any of these notes for the same parties?

Ans. What parties?

Ques. The parties whose notes you held.

Ans. I do not understand you.

Ques. At the maturity of these notes did the Canal Bank discount for the makers of such notes their notes?

Ans. Not that I know of in a single instance.

Ques. I ask you did you discount for them on the date of the maturity of these notes?

190 Ans. How can I tell? Suppose John Chaffe & Co. had a note which fell due, and they came to have a discount, they would obtain it.

Ques. Then you cannot say whether——

Ans. We did not discount for the parties that took up any of them then.

Ques. Did you discount any of these notes on the date of maturity?

Ans. None of them that I know of.

Ques. Do you know whether the Germania Bank discounted on that date?

Ans. I do not know.

Ques. On the date of the maturity of any of these notes?

Ans. No, sir; I do not know of any bank doing anything to accel*l*erate the payment of anything that matured then.

Ques. Were any of these notes discounted by the trustees of the clearing house in banks or banking institutions and the money realized before the maturity of the note?

Ans. There is one note there, I believe—one of Hoffman, Marks & Co., $1,000, less the interest for seven days—and the note of John G. Spor for $1,049, less nine days' interest. These are the only two.

Ques. When were these notes discounted?

Ans. One was discounted on the 1st December and the other on the 2d.

Ques. Did you discount a note of Webster & Co.—a gold-note—on the 12th November?

Ans. No, sir; that matured.

Ques. Did you discount a note of John I. Adams & Co.?

191 Ans. No, sir.

Ques. At the time you sold these bonds did you not have knowledge that the New Orleans National Banking Association was in liquidation, and that a receiver was in possession of its assets?

Ans. She had failed when we sold them.

Ques. Did you not know that the banking association was then in the hands of M'r Cockrem, the receiver?

Ans. No, sir; not that I recollect. I do not think any receiver was appointed.

Ques. Did you not make a report to him on the 29th October, 1873, on a demand being made upon you by him?

Ans. Not that I remember. Yes, sir, I did.

Ques. You did, then, make a report to the receiver of the New Orleans National Banking Association on the 29th of October?

Ans. I do not know whether it was made to the receiver or not, but to somebody.

Ques. Did you not make such a report to him in consequence of a demand in writing from him?

Ans. I never saw it.

Ques. Asking what portion of the portfolio of the New Orleans National Banking Association you had in your possession?

Ans. I do not know.

Ques. And what claim you made thereto?

Ans. I have no recollection of having seen his written demand.

Ques. Did you consult with the receiver of the New Orleans National Banking Association in regard to the sale of the seven per cent. city gold-bonds or the slaughter-house bonds?

192 Ans. No, sir.

Ques. Did you make any report to him of such a sale?

Ans. No, sir.

GEO. JONAS.

Subscribed and sworn before me March 16th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the United States.

Defendants here closed.

Continuation of testimony of March 8th, 1875:

LOUIS SCHNEIDER, a witness produced and sworn on behalf of the defendants, deposes and says:

By M'r Finney:

Ques. You are one of the defendants in this suit and one of the trustees appointed by the associated banks?

Ans. I am.

Ques. Please state what was the general financial situation at the time of the suspension of the banks of New Orleans in September, 1873.

Ans. The suspension of the banks of New Orleans was the result of the suspension in New York, and the balance of trade was against New Orleans at that period. We had not yet gathered our crops.

Ques. There is intimate commercial relations between New York and New Orleans?

Ans. The bulk of our business is done through New York.

Ques. New York is the financial center for New Orleans?

193 Ans. Yes, sir; for our trade with the West.

Ques. Will you state whether at that time exchange was obtainable in New Orleans?

Ans. It was barely obtainable.

Ques. Will you state whether, in the condition of things at that time, it was possible for the banks of New Orleans to continue to pay currency unless they had a dollar of currency for every dollar of liability?

Ans. It was impossible for them to do it, because there was a daily drain from New York and the West for every dollar they had, and it was reduced to a nominal sum.

Ques. Was there any supply of it?

Ans. No, sir; there was no possible way of getting it except at an enormous sacrifice.

Ques. Are you able to state what amount of these clearing house certificates issued by the trustees to the New Orleans National Banking Association had been taken up on the service of the subpœna in this case on the 19th November, 1873?

Ans. To the best of my recollection, $129,000.

Ques. State how, after the suspension, the banks of New Orleans—those that were members of the clearing-house—settled with their depositors.

Ans. If a depositor called upon a bank with a check, that check was certified; and it found its way back into any other bank, it went through the clearing-house.

Ques. The checks drawn by depositors, I understand you, were certified by the banks on which they were drawn, and came into the clearing-house next morning?

Ans. Yes, sir.

194 Ques. What was the mode of settlement in the clearing-house?

Ans. The checks on each bank were put in a sealed envelope, with the name of the bank on the outside of it.

Ques. You mean, each bank sent its checks on each bank in the separate envelope of that bank?

Ans. Yes, sir; the debtor banks were drawn upon by check of the manager of the clearing-house in favor of the creditor banks.

Ques. Suppose, now, as between your bank, the Germania, and the Citizens' Banks, that you were a creditor of $10,000, and suppose upon a general settlement of the banks you were a creditor for the $10,000, would you get a check for that amount upon the Citizens' Bank or some other debtor banks?

Ans. It would not follow that we would get a check on the Citizens' Bank, but on any other bank.

Ques. That is to say, you were not paid off by check upon the bank that was your particular debtor, but upon the banks generally debtor, as suited the convenience of the manager?

Ans. Yes, sir; precisely.

Ques. Were you president of the Germania National Bank?

Ans. I was, and am still.

Ques. You have been so how long?

Ans. About five years.

Ques. Will you state what was the credit of the New Orleans National Banking Association during the summer and fall of 1873 until it finally stopped altogether?

Ans. Her condition was generally supposed to be very good,
195 from the fact that the Germania Bank purchased from the month
of May—May 2d—until September 13, 1873, about $700,000 in exchange from the New Orleans National Banking Association, and if we had supposed there was anything wrong we should not have taken any risk. I will add also that, as an individual stockholder of one hundred shares in the New Orleans National Banking Association, if anything had been wrong, to my knowledge, I should have sold out.

Cross-examined by M'r Rouse:

Ques. What was the last purchase that you made of the New Orleans National Banking Association?

Ans. It was on September 13, 1873, $20,000.

Ques. Most of the purchases which you made were in the month of May, were they not?

Ans. Yes, sir; in May. In September we bought $70,000.

Ques. Had you never heard any rumors affecting its solvency during the summer of 1873?

Ans. In June, I believe. On the 1st of June, 1873, Mr. Cavaroc called on me to lend him some assistance for his bank. I refused to do it, but made a loan to the Mutual Insurance Association, of which he was president.

Ques. Why did you refuse to loan to the bank, when you were willing to make the loan to the insurance association?

Ques. Because the insurance association gave us a mortgage upon its buildings, and we did not care to take individual papers as collateral.

Ques. Were you present at a meeting of bank presidents on the 1st of June, called by Mr. Cavaroc?

196 Ans. Yes, sir.

Ques. What took place in the building?

Ans. In the office of the insurance association?

Ques. Was it not the directors' room of the banking association as well?

Ans. No, sir.

Ques. Do not the directors of the banking association meet in that room?

Ans. That I cannot say. They may meet there, but I don't know; I have never been there.

Ques. M'r Cavaroc submitted at that meeting the tickler of the bank and its statement-book also?

Ans. I have no recollection.

Ques. You went with M'r Cavaroc also to see M'r Jonas about getting the loan, did you not, just prior to this meeting?

Ans. I have no recollection of having done so.

Ques. What other banks did you call upon in company with M'r Cavaroc, or by yourself, on the subject of advancing money to the banking association?

Ans. I do not believe I called on any one, but met several bank presidents on the first of June in M'r Cavaroc's insurance office.

Ques. Did not your bank, in addition to the loan to the insurance association, discount some portion of the portfolio of the New Orleans National Banking Association?

Ans. No, sir.

Ques. Did you not early in June discount a note of the city of New Orleans which had but a week to run, for account of the New Orleans National Banking Association?

197 Ans. Yes, sir; I did. I remember.

Ques. Then you are mistaken when you say you did not discount any portion of the portfolio?

Ans. Yes, sir; that was the only exception.

Ques. What was the amount of that note?

Ans. Either $25,000 or $30,000. And I will state why that was discounted. I was administrator of finance for the city of New Orleans, and was aware that that note could not be paid at maturity, and therefore I asked the directors of the Germania Bank to carry it beyond its maturity.

Ques. Knowing that the New Orleans National Banking Association was unable to carry it, and it would require payment?

Ans. Well, I had promised M'r Cavaroc faithfully, when he made me the loan, to pay him at maturity, and therefore it was a matter of honor to relieve him of it.

Ques. Did you ask him for an extension of it?

Ans. I did not.

Ques. That in addition to the loan made to the insurance association for the benefit of the banking association in June, did you know that the banking association was borrowing large amounts in other ways?

Ans. I learned from hearsay. I know nothing positively.

Ques. State what you heard.

(M'r Finney, for defendant, objects to hearsay.)

Ans. I learned or heard that Mr. Cavaroc had pledged a portion of the portfolio of the bank to bankers in New York—Schuchardt & Sons.

Ques. Who did you hear this from?

Ans. Well, that I cannot say.

198 Ques. Did you hear it in financial circles?

Ans. Yes, sir. I may have heard it from M'r Cavaroc himself.

Ques. Did you learn of his discounting a considerable portion of his portfolio with the other banks of New Orleans?

Ans. No, sir.

Ques. Did you know of his borrowing $150,000 from the National Park Bank of New York?

Ans. No, sir.

Ques. Did you know of his discounting a portion of his portfolio with the Mutual National Bank or the Bank of America?

Ans. No, sir. I learned these things afterwards. I knew nothing at the time.

Ques. During the summer of 1873?

Ans. No, sir; but since the failure of the bank, when these matters were made public.

Ques. When did you first become aware of the failure of the New Orleans National Banking Association?

Ans. On the evening of its failure, the 4th of October, 1873.

Ques. Did you redeem any certificates which had been issued to it after that knowledge came to you?

Ans. We redeemed certificates up to the time when we were enjoined from doing so.

Ques. What amount had you redeemed then?

Ans. I believe it was $129,000.

Ques. How much was redeemed when you were served with the injunction in this case?

Ans. I cannot state that without refreshing my memory.

199 Ques. Did you redeem any between the service of the subpœna and the injunction in this case?

Ans. M'r Jonas had the matter entirely in his hands, as I had other important matters occupying me at that time.

Ques. Then you answer, you don't know?

Ans. I do.

Ques. Did you redeem any certificates before you knew of the failure of the bank?

Ans. I think not.

Ques. Did all three of the committee know of the failure at the same time?

Ans. I suppose they did.

By M'r Beckwith:

Ques. Did you know of the fact that this bill was filed before the service of the subpœna on you?

Ans. You stated it to me personally.

Ques. Two or three days before?

Ans. Yes, sir; a few days before.

LOUIS SCHNEIDER.

Subscribed and sworn before me March 8th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

PATRICK IRWIN, a witness produced and sworn on behalf of the defendants, deposes and says:

By M'r Finney:

Ques. You are president of the Hibernia National Bank?

200 Ans. Yes, sir.

Ques. And have been president of that bank for how many years?

Ans. For four years.

Ques. You are one of the defendants in this suit?

Ans. Yes, sir.

Ques. Will you state what was the credit of the New Orleans National Banking Association during the summer and fall of 1873; and whether you had any dealings with that bank?

Ans. I bought a great deal of exchange from time to time from that bank. I bought it a day or two before they stopped.

Ques. You mean a day or two before the 4th of October, or the suspension?

Ans. Before the bank suspended—before the 4th of October.

Ques. You would not buy exchange of them if you thought they were not good?

Ans. No, sir; I thought her really good until the last day. The last day they cleared intimating they were weak. They cleared by selling exchange, and they did not come in after that.

Cross-examined by M'r Rouse:

Ques. You bought the exchange in settlement of your balances?

Ans. No, sir.

Ques. They were not owing to you?

Ans. No, sir; we just took the checks to the manager and they were paid regularly.

201 Ques. You purchased the exchange to enable them to make their clearings?

Ans. No, sir. On the last day they did not come in with anything to put up. On the last day the president came in.

Ques. Whom did you buy the exchange on just before the failure?

Ans. I forget now, indeed; we drew on New York.

Ques. What was the amount of it?

Ans. I don't recollect now; but we bought almost without restriction $20,000 or 30,000.

Ques. But about three or four days before the failure, how much did you buy?

Ans. I don't know; but I bought from them the same as I would from any other bank. The Citizens' Bank in the same manner they stopped, and I bought $10,000 from them the day before they stopped.

Ques. Were you present at a meeting of bank presidents, called by M'r Cavaroc, in June?

Ans. No, sir; I was not.

Ques. When you speak of their being weak and obliged to sell exchange on the last day, do you mean the last day that they cleared at the clearing house?

Ans. Yes, sir; the only intimation I had was when M'r Cavaroc came in that night at the meeting. He was explaining at the meeting that

he was rich; that his house was rich, and that he was surprised to see
parties refuse to buy his exchange. He stated that his house was worth
something about $130,000 or more, and was surprised that his exchange
would not be discounted. That was the first intimation we had,
202 and he did not come in the next day. Finally after that they
failed; but we had confidence in his bank at the time.

PATRICK IRWIN.

Subscribed and sworn before me March 8th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

Isaac N. Maynard, a witness produced and sworn on behalf of defendants, deposes and says:

By M'r Finney:

Ques. You are the manager of the Clearing-House Association?

Ans. Yes, sir.

Ques. And have been for how long?

Ans. Since its organization in 1873.

Ques. State the modus operandi of clearing balances in the clearing-house, say after the suspension of the banks in 1873.

Ans. The checks of depositors that were deposited every day in the banks were made out in a list at three o'clock, and the total amount attached. They were then placed in an envelope against each particular bank upon which they were drawn. The total of all these individual checks, as shown by the list inside, is placed on the outside of the envelope, and the banks that receive them, and upon whom they are drawn, are placed on the outside of the envelope; for instance, the Hibernia Bank on the Citizens', and the total.

203 Ques. Each bank sends, in a separate envelope, all the checks
it holds against such other banks?

Ans. Yes, sir.

Ques. The checks are inside sealed, and the total on the outside?

Ans. Yes, sir; the total on the outside and the individual checks inside. The next morning the runner brings to the clearing house the different envelopes containing these checks—on all the banks that they have exchanges on. If they have exchanges on all the banks, they will bring in fifteen envelopes to the clearing-house, there being fifteen banks.

Ques. They get into the clearing house at nine o'clock the next morning?

Ans. Yes, sir. They then appear at the clearing-house, each one at his respective desk, and, at a given signal by the manager, they walk round the table depositing their checks or the envelopes in the boxes of the different banks against which the checks are drawn, and so continue round the table in regular order until they have deposited the whole fifteen, and these amounts they bring in constitute the credits of the banks. They bring in a list, also, of the total amount in their envelopes. After the exchange, the envelopes then constitute the debits, and the respective amounts are set down opposite the different banks. Then I foot up the amounts and compare the totals of the debits and credits, and as the balance may be, pro or con, it is stated on the list, debtor or creditor.

Ques. These statements marked "B 2" are taken from the slate?

204 Ans. Yes, sir; but the totals there are not necessary to be made
before the manager.

Ques. As I understand you, these papers, "B 2," are the statements on these dates?

Ans. Yes, sir; that is a true statement. Each statement has its debit and credit column, as made out there, like the Exhibit B 2, and the next operation is to call the banks to render their balances to the manager. These are set down debtor and creditor on the slate before the manager as they call them off. When they have all given in their balances, debtor and creditor as the case may be, the manager then foots up these balances, and if the debit and credit balances agree to a cent the work is correct. Such banks as are creditors that day are paid by the manager drawing upon the debtor banks to pay the creditor banks; the amounts proportioned out according to his discretion.

Ques. Then you distribute the amounts due the creditor banks as suits your convenience?

Ans. Well, not as suits my convenience at the moment. I have a proof-slate upon which I make the distribution of the balances before I draw my checks.

Ques. Are these statements, Exhibit B 2, copies?

Ans. That is a true copy of the total amounts, the balance pro and con as it goes into the general books. Exhibit B 2 are copies of the daily clearings for the dates shown therein.

Cross examined by M'r Rouse:

Ques. The clearing mentioned in this Exhibit B 2, about which you have just testified, took place in the morning of the dates attached, before banking hours?

205 Ans. Yes, sir; all clearings took place at nine o'clock every morning.

Ques. The clearings each morning covered the operations of the banks for the twenty-four hours previous?

Ans. Yes, sir.

Ques. When were these checks in settlement of balances delivered to the creditor banks?

Ans. At ten o'clock. That is the hour by which it should be done—sometimes before, but promptly by ten.

Ques. You say you arranged the checks in settlement of the daily balances according to your own convenience?

Ans Yes, sir.

Ques. Does it ever happen that you draw against a debtor bank in favor of a bank which is a creditor bank in the clearing house, but which is not a creditor of the bank on which you draw?

Ans. That I cannot tell.

Ques. Does that often happen?

Ans. I dare say it may, but it never comes into practice with me at all. I have just so much money due, and I must make a distribution of the amount.

Ques. Then it might often happen that checks drawn by you upon debtor banks might go to banks creditors of the clearing-house, but not creditors of the banks on which you drew?

Ans. Yes, sir. The balances are settled upon the different amounts that they bring in.

Ques. Have you a record of the checks drawn by you, showing upon which banks they were drawn, and which banks they were delivered to, during the whole time?

Ans. Yes, sir; the whole time. I have the stubs showing the checks.

206 Ques. Can you produce the book showing the drawing and disposition of the checks during the ten days following the 24th September, 1873?

Ans. Yes, sir.

Ques. Will you do so?

Ans. I will exhibit them, and furnish copies if desired.

ISAAC N. MAYNARD.
Manager N. O. C. H. A.

Subscribed and sworn before me March 8th, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the United States.

Adjourned to March 9th, 1875.

207 Depositions of Jules-Aldigé and George Jonas, taken on behalf of defendants in the case of John Cockrem, receiver of the N. O. National Banking Association, vs. Ch's Cavaroc & Son et al. No. 7064. U. S. circuit court. Offered in evidence by defendants in this case.

NEW ORLEANS, *December* 24, 1874.

JULES ALDIGÉ, a witness produced and sworn for defendants, Société de Crédit Mobilier, deposes and says:

By M'r Clark:

Ques. You were a director in the New Orleans National Banking Association during 1873?

Ans. I was.

Ques. Were you on a committee to go to Washington in the fall of that year?

Ans. I was chairman of the committee.

Ques. Who composed the committee?

Ans. The committee was composed, as far as my memory serves me, of M'r Mioton, M'r Blache, and myself; but from some sickness in the family, I think, M'r Mioton was prevented from going, and Blache and I went on.

Ques. Previous to your going had you any statement from the cashier as to the condition of the bank?

Ans. I had a statement. At a meeting of the board on Saturday evening, which was the 4th October, it was decided that a committee should go to Washington—and the committee was appointed—to present a statement of the bank to the Controller of the Currency and to get from him the liquidation of the bank by the stockholders according to law. I requested on that same evening, which was Saturday,
208 M'r Blache to get his documents prepared, as it was expected we could leave on Sunday evening; and the next day, Sunday morning, I called to the bank and stated to M'r Blache that I would not go to Washington unless I had a detailed statement of the condition of the bank; that I knew exactly what report we would make, and this report must be correct and truthful, whether bad or good; that I was unwilling and unprepared to present any other. I requested once more M'r Blache to make up the statement and such additional statements in detail that we might examine them on the way so as to have all the figures in our minds.

Ques. Did he make that statement?

Ans. That statement was made.

Ques. What did it exhibit; have you got the statement?

Ans. I have not got the statement, but as far as my memory goes——

(Complainant objects to the witness stating the contents of that statement.)

Ques. Do you know where that statement is?

Ans. It must be on file in Washington with the Controller of the Currency; it was handed to him in person.

Ques. Did you have any conversation with M'r Blache in reference to the value of the stock of the institution?

Ans. I had conversations with M'r Blache on the way and after our return from Washington.

(The above testimony is objected to by complainant as being testimony apparently introduced to impeach the testimony of Henry Blache, a witness for complainant, and for which no proper basis has been laid; the attention of the witness Blache not having been called to the time, place, and occasion of the conversation.)

209 Witness proceeds: At my request, M'r Blache furnished me with a statement of the condition of the bank, and after deducting everything that should have to be considered lost, this statement showed——

(Complainant objects to the contents of the statement being given.)

Ques. Have you got that statement?

Ans. I have not.

Ques. Where is the statement?

Ans. Either I have lost it or given it to M'r Blache, or given it to somebody else.

Ques. You don't know where it is?

Ans. No, sir.

Ques. And no resource by which you could determine where it is?

Ans. No, sir.

By M'r Rouse:

Ques. Have you looked for it among your papers?

Ans. Yes, sir; I have looked among my papers the other day for a number of papers, that one included, but my impression is that it was returned to M'r Blache himself.

(All evidence of the contents of the statement testified to is objected to by complainant, it appearing that no such search for the document has been made as makes it in the contemplation of law a lost or destroyed document.)

Witness continues: That statement showed, to the best of my recollection, that after paying all the liabilities of the bank, there would be still a dividend accruing to the stockholders.

Ques. Do you recollect the amount of the surplus?

210 Ans. It was something about $200,000, if my memory serves me right.

Ques. Did M'r Blache, when you reached Washington, make a verbal statement to the Controller? Or state what occurred in your interview with the Controller and when?

Ans. The committee was introduced to the Controller of the Currency by M'r Parker, surveyor of this port, I think. I explained in a few words the object of our mission to M'r Knox, the Controller, and referred him as to questions of figures for an explanation to M'r Blache. The documents that we had brought with us showing the condition of the bank were handed to M'r Knox, who propounded several questions to M'r Blache, and for a final answer requested us to call back at one o'clock of the same day.

Ques. What were M'r Blache's oral communications to the Controller?

Ans. It was to show the condition of the bank. Nothing transpired about the business of the bank at that interview.

Ques. How about the value of the assets; what did M'r Blache say to that?

Ans. That the bank was able to meet its obligations, having lost a portion of its capital.

Ques. Did he say to the Controller that all its capital was gone?

Ans. No, sir: far from it; he said there was money enough to pay all the liabilities and to have a surplus accruing to the stockholders.

Ques. What was the result of the interview after you returned at one o'clock?

211 Ans. At one o'clock, when we met M'r Knox, he showed to M'r Blache the last statement furnished by him and on file at Washington, and asked him to explain the difference existing between that statement and the one handed him in the morning. Amongst other items, M'r Blache explained that the bank had met, since that statement, with a loss of some $80,000 at the hands of one Mallialu, a banker in London, but in spite of this loss the bank was fully prepared, or able to meet its obligations. Upon an examination of these various statements, M'r Knox granted the committee the liquidation of the bank in behalf of the stockholders.

Ques. You were a director of the bank for some time previous; or how long have you been director?

Ans. I have been a director since the month of February, I think, 1870 or 1871, but my recollection is 1870.

Ques. Had you any personal knowledge of the condition of the bank in May and June, 1873?

Ans. From the reports that were made to the directory, I knew that the bank was embarrassed, but it was stated that if the bank could reach the time the crop would be gathered in, and settlements made by the parties debtors to the bank, that the bank would find itself in a position to do still a good business.

Ques. From whom did this statement come to you?

Ans. The statements were made by the president in presence of the board and of the cashier.

Ques. Did the cashier make any such statements?

Ans. Officially, I do not know that the cashier has made any statement to the board.

Ques. Did he make any statement in that respect to the board or to you?

212 Ans. I don't remember that the cashier has made any statement to the board. I don't think that he has ever made any to the board, except such statements of figures as were presented in writing. I had several conversations with him, but not officially.

Ques. Your conversations were with him as cashier?

(All evidence of conversation between the witness and M'r Blache, either in their individual capacity or in their official character, in relation to the banking association, is objected to by complainant as being irrelevant communications between persons not parties to the suit and strangers to the litigation in this case.)

Ques. State what conversations did you have with M'r Blache with reference to the condition of the bank, and the time.

Ans. Some time during the summer of 1873, after the bank had been authorized to draw some large amounts on Europe, I met M'r Blache in the cars, and speaking of matters concerning the bank, I expressed the opinion that there was no difficulty in reaching the time of the maturity of the large amounts due to the bank, and asked him then whether it was not his opinion that the bank, after possibly reducing its capital, could not continue to do business with such reduced capital, and he shared fully that opinion of mine.

Ques. Was there anything said about the reduction, or to what extent?

Ans. The reduction contemplated by me?

Ques. I want to know was there anything said as to the loss of capital, or what was left remaining of the capital?

Ans. The loss of capital, or the reduction of capital rather,
213 mentioned, was, to the best of my knowledge, $200,000 as the
outside figure; that was the amount of the reduction of the capital to be made, leaving the capital $400,000.

Ques. While you were a director, was there any intimation from any official source as to the loss of the entire capital, or not?

(Objected to by complainant.)

Ques. Was there anything said about the bank having lost?

Ans. It was never mentioned in the board or outside of the board amongst the directors, to my knowledge, that the capital was lost or a portion of it lost.

(Complainant objects to the testimony of this witness as to all matters of conversation between witness and M'r Blache, the cashier, either official or private, as irrelevant; not warranted either as testimony tending to impeach the witness Blache, or by the relations of either Blache or witness to the case. They object to all statements of the witness of conversations, impressions, understandings, or beliefs, about or concerning the status or condition of the Banking Association as to solvency, or its capacity to meet its losses, and go on with reduced capital or otherwise, as irrelevant. This objection was reserved by consent, and is now made at the conclusion of the direct examination of the witness.)

Cross-examined by M'r Beckwith:

Ques. How many times did you ever meet with the directors of the Banking Association in any meeting of the directors, personally?

Ans. I cannot state the number of times. I was present at a great
many sittings of the board.
214 Ques. Were the meetings any way regular?
Ans. There were regular dates of meetings.

Ques. I am not asking you of the dates of the meetings, but of the meetings themselves.

Ans. The meetings were not always regular or held regularly.

Ques. Is it not the truth that the directory of that bank surrendered its management almost exclusively to M'r Cavaroc?

Ans. M'r Cavaroc managed the bank and reported to the board at its sittings.

Ques. Your answer is hardly responsive to the question I asked.

Ans. The question was what?

Ques. The question was, "Is it not the truth that the directors of that bank surrendered its management almost exclusively to M'r Cavaroc?"

Ans. As I have never been a director in any other bank, I am not prepared to state whether this method is surrendering entirely or not.

Ques. Did you do much as directors that is not reported in the minutes of the meetings of the board?

Ans. As directors, we were called upon at times to ascertain the personal standing of certain houses and report to the president.

Ques. When discounts were offered, who passed the paper?

Ans. The discounts were made by the president, M'r Cavaroc.

Ques. Did you do much of anything at any meeting of the board of directors, excepting pass resolutions of thanks to M'r Cavaroc?

215 Ans. At the meeting of the board all the discounts made by M'r Cavaroc were read to the board; the exchanges bought, domestic or foreign, were read to the board, and usually the president would give a résumé of the general condition of business as connected with the bank.

Ques. Did you, as a director, ever examine the books of the bank, or take M'r Cavaroc's statement?

Ans. Every month two directors——

Ques. I am asking you——

Ans. I am answering your question. I was one of these two directors at times. Two directors, one of which I was at times a member, were appointed to count the cash at the end of the month, and to compare said cash with the books, and to sign a statement usually prepared by the cashier. Besides this, every three months, I believe, two directors were appointed to examine the portfolio and make a report thereon if found correct.

Ques. Were you ever one of the last committee?

Ans. I was; I have been several times appointed to examine the portfolio.

Ques. During what period of time?

Ans. At different times. I could not specify the times just now.

Ques. Were you in 1873?

Ans. I do not believe I was. I am not prepared to answer.

Ques. As a director, did you believe your information of the condition of the bank good, and considerable as to details?

216 Ans. In examining the portfolio and the cash I could only see what was before my eyes, and had to accept it as correct, and other information given me by the president or the cashier.

Ques. Is it not a bank director's duty to know everything about the bank?

Ans. Well, I should reckon it ought to be.

Ques. How much was lost of suspended and protested paper for the months of June, July, and August, 1873?

Ans. I cannot tell; I don't know.

Ques. Did you ever know?

Ans. I did not know the true condition of the suspended paper.

Ques. I do not ask you the value of the suspended paper.

Ans. The true condition, amounts and names.

Ques. You examined the portfolio?

Ans. I think I did, but it is not present to my mind.

Ques. You say you were called on at times to ascertain and determine and report to the president the commercial status and solvency of houses that were customers or who proposed to become customers of the bank. Did you ever consider M'r Mioton and P. S. Wiltz & Co. good during the year 1873?

Ans. In my opinion Mr. Wiltz was very good, not knowing anything to the contrary.

Ques. Did you know anything of the overdraft of his firm at the bank, or his?

Ans. I do not know that it was reported to me at the time of the overdraft. It may have been later on. In fact, I am positive that it was not mentioned to the board.

Ques. Did the president ever mention to the board officially the losses he made, either on discounted paper, exchange, or other items?

217 Ans. Losses on exchange, particularly in the case of Mallalieu, was known to me, but whether it was reported in the board or outside of the board is more than I can state now.

Ques. What I ask you is, at any meetings of the board of directors did you get any official report from the president of the losses the bank had made on discounted paper, exchange, or other items?

Ans. I don't remember ever having heard such a report.

Ques. You were chairman of the committee that went to Washington?

Ans. I was.

Ques. You were charged by the directory of the bank with the duty of making representations at Washington, were you not?

Ans. Yes, sir; in concert with the cashier.

Ques. Was not M'r Blache sent on to aid you in that business by his knowledge of the affairs of the bank?

Ans. He was sent to represent the figures more especially, as he was the only one versed with the figures.

Ques. Did you state to the Controller, or was the statement made to the Controller, that an actual or assumed pledge of nearly the entire portfolio of that bank had been made to secure individuals, firms, and corporations?

Ans. It is not to my knowledge that any such representations has been made.

Ques. Was this Crédit Mobilier matter mentioned to him, and the terms upon which you were drawing drafts on the Crédit Mobilier?

Ans. I do not remember that the Crédit Mobilier was mentioned.

218 Ques. Was Schuchardt & Sons mentioned, and their security?

Ans. The account of Schuchardt & Sons, Crédit Mobilier, and other parties drawn upon, were represented on the statement, but whether there was any information given as to these particular accounts by M'r Blache I don't know; it was not given by me.

Ques. Were you aware when you went to Washington that the Crédit Mobilier, the National Park Bank, and Schuchardt & Sons claimed to have in their possession a large portion of the portfolio of the banking association as security against their respective losses?

Ans. It was to my knowldege that collaterals had been given to several parties, but the details I do not remember just now. There are many things passed from my mind since.

Ques. But did you know the nature of the collaterals that had been given these parties?

Ans. I knew some of the collaterals that had been given, possibly, more especially to the Park Bank.

Ques. Did you make any representations about your relation with the clearing house, and the amount of your portfolio that the clearing house had in its possession?

Ans. All representations as to figures and details were made by the cashier, and not by me.

Ques. Do you know whether you were present at every interview between the Controller of the Currency and M'r Blache?

Ans. I was, sir. I am sure of it that there were but two interviews.

Ques. Is it not to your knowledge and information a fact that

219 almost the entire portfolio of the bank had been pledged to secure the several creditors of the bank, and was not represented to the Controller?

Ans. I don't believe that any statement of the details to that particular effect was given to the Controller. The position of the bank, assets, and liabilities, including the portfolio and debts, were given to the Controller, but whether any additional statement was given is more than I know now.

Ques. Is it not true, of your knowledge, that the reports made to the Controller, and which you as chairman of the committee carried from New Orleans to the Controller on that mission of yours, exhibited the portfolio of the banking association intact, and all this pledged paper represented as being paper actually in the portfolio of the bank?

Ans. The statement shown to the Controller, as far as I can remember, showed the position of the bank, its assets and liabilities, and whether the notes forming the assets of the bank were given up as collaterals or not I cannot tell, because, as I stated before, there was a general statement made and a detailed statement. These matters have passed off from my mind.

Ques. You read this statement, did you not?

Ans. That was presented to the Controller?

Ques. Yes.

Ans. Yes, sir; I did.

Ques. Did you not consider it a peculiar condition for a bank to be in, that its portfolio, instead of being held for its general creditors, was in the hands of a few, and outside of the control of the bank?

Ans. Well, certainly it was not a good position for a bank; but,
220 in a business point of view, I only looked at the assets and liabilities. I saw that the assets, from the statement shown me, were far above the liabilities, and whether the assets were in the hands of the bank or in other hands, they were, nevertheless, assets.

Ques. When did you first find out about the loss through this firm of Mallalieu & Co.?

Ans. I can not precisely state the time. It was in the summer months, possibly in July.

Ques. How did you learn it?

Ans. I think from the cashier.

Ques. Did not M'r Cavaroc conceal the fact of that loss from you and from the directors of the bank?

Ans. I heard of the loss from M'r Cavaroc pretty nearly at the same time that I learned it from the cashier. However, I do not believe it was at a board meeting.

Ques. Did M'r Cavaroc ever represent that loss in any of his reports of the transactions of the bank made to the board at their meetings?

Ans. I do not know that he did it while I was present. I think I missed at that time several meetings, but I am not positive.

Ques. Were these statements of M'r Cavaroc made to the board in writing?

Ans. The statements were read from the books of the bank usually, as far as the discounts and exchanges were concerned and other details. Verbal statements were given to the board, except at the time of declaring a dividend, when a written statement was furnished by the cashier.

Ques. What room did you directors meet in?

Ans. We met in a room over the insurance association, on the second story.

221 Ques. Was it in the same room in which the banking business was carried on?

Ans. It was in the same building, but not in the same room.

Ques. Were the books of the bank taken out of the bank and carried in there every time you met?

Ans. The books of the bank were transferred from the bank to the third story, which was known as the directors' room.

Ques. The whole of the books?

Ans. I cannot say the whole—the exchange-book, domestic and foreign, the discount-book, and the minute-book. I think that is all—four or five in number.

Ques. How much paper had the bank left in its portfolio after being separated from the notes and collaterals made to secure individual creditors, such as the Crédit Mobilier, the National Park Bank, Schuchardt & Sons, and the clearing-house committee?

Ans. I don't remember, if ever I did know.

Ques. Well, all this denuding of the portfolio had taken place before you went to Washington?

Ans. Yes, sir.

Ques. Did you ever open negotiations with Baltzer & Taaks on account of the bank?

Ans. Yes, sir; I did.

Ques. When?

Ans. It was some time in the early part of May, 1873.

Ques. Where is that firm located?

Ans. In New York.

Ques. For what purpose did you open the negotiations?

Ans. For the purpose of negotiating exchange or other business through them.

222 Ques. Were you appointed a committee to do that?

Ans. No, sir.

Ques. How came you to do it?

Ans. I went upon my own responsibility to New York on other business, and before leaving I had conferred with M'r Cavaroc, president, and offered my services to the bank as a director; and I paid my own traveling expenses, and never got a cent from the bank.

Ques. Did you effect that negotiation?

Ans. I did not go for the purpose of effecting any particular transaction, but general transactions, and I effected some.

Ques. Did not that concern refuse to deal with you upon your credit as a bank, without securities?

Ans. Not when I saw Mess'rs Baltzer & Taaks, for they authorized me to telegraph to the bank that she could pass some of their exchange through their hands; and it was not until I reached New Orleans that I found that after my departure from New York some objections had been raised.

Ques. Were not these objections on account of the standing and credit of the bank?

Ans. These objections arose from reports that were circulated, and, as far as I know, more especially from the fact that the stock was quoted in the neighborhood of $30, and these gentlemen were under the impression, from their private lines to me, that the stock was at par—$100; and it was not until later on that they discovered their error.

Ques. But did they renew their promise to dispose of your bills?

Ans. I never attempted to renew business with them since, on behalf of the bank.

222¼ Ques. How could they aid you by permitting you to pass your bills through their hands; by the value of their endorsement?

Ans. The understanding was that they should negotiate some of the drafts with their endorsement, and others without. In fact, there was nothing ever definitely decided upon. They were to make a trial, and authorized me to telegraph that fact, which I did.

Ques. You were to draw your bills without their endorsement, and pass them, and if you could not pass them, they would endorse?

Ans. No, sir; it was not that idea. They never done business that way with the South; and they were to make a trial of that business, and if it proved to be a paying one, and gave them satisfaction, they would keep on.

Ques. Was there not, to your knowledge, communications between the bank and this firm relative to other transactions, by letter or telegram, or both?

Ans. Upon my arrival in New Orleans, I heard that there was telegraphic communications between that firm and the bank.

Ques. Did you not have information of their subsequent refusal, and the reasons for their subsequent refusal, to carry these arrangements out, derived from communications from New York, or your presence and interviews with them, and not the bank?

Ans. I had read the communications from the bank, and the private communications of one of the members of the firm to me.

Ques. Was the import of the private communications to you different from the import of the communications with the bank?

222½ Ans. The import of the communications to the bank is not precisely clear to my mind.

(M'r Clarke, for defendant, the Société de Crédit Mobilier, objects to all of the above matters as irrelevant.)

J. ALDIGÉ.

Subscribed and sworn before me December 24th, 1874.

F. A. WOOLFLEY,
Examiner.

NEW ORLEANS, *March* 2, 1874.

GEORGE JONAS, a witness produced, sworn, and examined on behalf of defendants, deposes and says:

By M'r Clarke:

Ques. You have been for a number of years president of the New Orleans Canal and Banking Co.?

Ans. Yes, sir.

Ques. And are still?

Ans. Yes, sir.

Ques. And were during the year 1873?

Ans. Yes, sir.

Ques. Was your bank doing business to a small or large extent?

Ans. Among the largest in the city.

Q. Dealing in exchange?

Ans. Yes, sir.

Ques. And discounting notes?

Ans. Yes, sir.

223 Ques. Had you an opportunity of knowing of the credit of the New Orleans National Banking Association during the year 1873?

Ans. Yes, sir.

Ques. What was its credit during that time?

Ans. It stood during that time, as far as I know, the same as other banks. We bought large amounts of exchange from that bank up to September, 1873. The general suspension took place in September.

Ques. What was called the panic time?

Ans. Yes, sir.

Ques. This was previous to the panic?

Ans. Yes, sir.

Ques. Are you aware of its dealings with others than yourself—that it bought and sold exchange?

Ans. Yes, sir; I am aware of two other transactions that took place in September.

Ques. How late did you buy the exchange?

Ans. I have got a memorandum in my pocket of purchases we made from that bank through brokers during the whole summer of 1873. The last purchase we made was on the 17th September, 1873. I bought $20,000 from them in a check on New York, and on the 20th August, $15,000.

Ques. Your bank was a member of the clearing-house?

Ans. Yes, sir.

Ques. What standing had the New Orleans National Banking Association in the clearing-house?

Ans. It stood in the clearing-house until its suspension like the other banks.

Ques. And made its settlements?

Ans. Yes, sir.

224 Ques. Was your institution applied to by it at any time for assistance?

Ans. No, sir.

Cross-examined by M'r Rouse:

Ques. Were these bills which you purchased on Schuchardt & Sons secured in any way?

Ans. No, sir; clear bills.

Ques. Were they sight bills?

Ans. Yes, sir.

Ques. Did you not know that the New Orleans National Banking Association had been authorized by Schuchardt & Sons to draw these bills? Had you not such information from M'r Cavaroc or the cashier of the New Orleans National Banking Association?

Ans. No, sir. I bought them from brokers that knew nothing of the case.

Ques. Did you not know that they had general authority to draw on Schuchardt & Sons?

Ans. No, sir.

Ques. On the 17th September would you have bought a sixty-day bill of the New Orleans National Banking Association without security?

Ans. I would not buy a sixty-day bill on New York from any bank.

Ques. Would you have bought a sixty-day bill from that bank?

Ans. On London? Yes, sir.

Ques. Without previous acceptance?

Ans. Yes, sir. During the season of the year when we are buying sterling bills, I was in the habit of buying them, but in the summer they never sell them.

225 Ques. You heard, in common with other financial men, the position that bank was in, and the rumors affecting its solvency?

Ans. I did not. If I did I would not have bought its bills.

Ques. Did you spend much of your time in the city?

Ans. Yes, sir, I did. I went over the lake every Saturday and came back every Monday.

Ques. Were you present at a meeting of bank presidents about the last of May or the first of June at the office of the New Orleans National Banking Association?

Ans. No, sir.

Ques. You did not attend that meeting?

Ans. No, sir.

Ques. Did you hear of it?

Ans. I heard of it after the bank suspended in the fall.

Ques. Did you not hear of it at the time?

Ans. No, sir. It did not apply to us.

Ques. Did your cashier not attend one of these meetings?

Ans. No, sir.

Ques. Are you positive about the statement that your cashier did not attend?

Ans. Yes, sir; if he did he would have certainly informed me. He would not attend at such a meeting without informing the president, and I never heard of it.

Ques. How do account for the fact that when the rumors were so general in the community that the New Orleans National Banking Association was insolvent during the summer of 1873, a fact known to nearly all the financial men in the city, that you did not hear of it?

(M'r Clarke, for defendants, objects.)

226 Ans. I do not think it is possible that there could be such a rumor. My impression is derived from this, that all the banks—the Louisiana National and the Hibernia Banks—would not buy their exchange on New York, if they considered them insolvent, and they had been buying it during the summer.

Ques. Did you not buy exchange from the Crescent City National Bank before its insolvency?

Ans. Probably.

Ques. Did you not have unmatured exchange at the time of its failure?

Ans. Yes, sir; on London.

Ques. And did not the fact of its insolvency become known generally some thirty days before the maturity of the bills?

(M'r Clarke, for defendants, objects.)

Ans. No, sir; not until the failure of De Lizardi & Co. I never dreamed of it, and I do not believe any other bank-officer did. When De Lizardi & Co. failed, of course we all had apprehensions.

Ques. Were you aware of the fact that in the month of June the New Orleans National Banking Asssociation was borrowing money generally, and discounting its portfolio in order to pay its depositors?

Ans. No, sir; I never heard of it.

Ques. Were you aware that there was a great run upon the bank in the month of June?

Ans. No, sir.

Ques. You never heard of that?

Ans. No, sir.

227 Ques. Prior to the failure of the New Orleans Banking Association, did not your bank often have to take cashier's checks from the New Orleans National Banking Association in settlement of daily balances?

Ans. Not oftener than any other bank. That is frequently done, and is a common thing.

Ques. You say it is a common thing for daily balances to be settled with cashier's checks?

Ans. Yes, sir; we both give them our own and receive others.

Ques. Was it a quite common thing prior to the panic, in 1873?

Ans. Yes, sir.

GEO. JONAS.

Subscribed and sworn before me March 2d, 1875.

F. A. WOOLFLEY,
Examiner.

Depositions of Samuel H. Kennedy, taken on behalf of defendants in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. National Park Bank of New York et al., No. 7072, United States circuit court, offered in evidence by defendants in this case.

SAMUEL H. KENNEDY, a witness produced, sworn, and examined on behalf of defendants, deposes & says:

By M'r Clarke:

Ques. You are president of the State National Bank?

Ans. Yes, sir, I am.

Ques. How long have you been such?

Ans. Since 1870.

Ques. Is the institution engaged extensively, or how large is its business?

Ans. It is doing considerable business.

Ques. Compared with other institutions in the city?

Ans. It is among the leading banks.

Ques. You have been engaged in buying and selling exchange since your organization?

Ans. Yes, sir.

Ques. And discounting notes?

228 Ans. Yes, sir.

Ques. Were you here during the summer of 1873?

Ans. I was.

Ques. How long were you here—the whole season?

Ans. I was here until the early days of July, 1873.

Ques. From your position as a bank-officer would you have knowledge of the financial condition of other banks in the city?

Ans. I consider that I would.

Ques. What was the condition in the community as to the credit of the New Orleans National Banking Association up to thetime that you left?

Ans. It was considered in good standing.

Ques. Was it selling exchange?

Ans. It was buying and selling exchange, and doing its regular business, as far as I was aware.

Ques. There has been an allusion made, in the course of this examination, to a meeting of bank presidents, called by M'r Cavaroc, on the first of June, or the 31st May, 1873. Were you present at any meeting called by M'r Cavaroc?

Ans. I recollect I was present at one meeting.

Ques. What day of the week was it?

Ans. If I recollect aright, it was Sunday.

Ques. Where was it held?

Ans. In the rooms of the New Orleans Insurance Association.

Ques. What was the object of the meeting?

Ans. The object of the meeting was to come to the aid and assistance of the New Orleans Insurance Association.

Ques. Was assistance rendered?

229 Ans. Assistance was rendered.

Ques. Was any assistance rendered to the New Orleans National Banking Association?

Ans. Not directly.

Ques. How was it indirectly, at this meeting?

Ans. I understood the matter to be this, as represented there: the New Orleans Insurance Association had drawn a large amount of francs on correspondents in France, and that they were unable to meet these bills unless they were to borrow some money; and that the protesting of these bills, with the endorsement of the New Orleans National Banking Association, would bring discredit on both institutions; and, therefore, it was very important to lend money to the insurance association to avoid these bills coming back.

Ques. Was there anything said about the relation of the insurance association to the banking association as debtor or creditor?

Ans. I understood from the president of the bank that the insurance association was owing him (the bank) a large amount of money.

Cross-examined by M'r Rouse:

Ques. What particular interest had your bank in sustaining the insurance association?

Ans. I have already explained to you that it was indirectly the bank; that it would not do for the bills to come back protested—that is, their endorsement. It was rather an unusual business, as you are aware; but still it had been for a very considerable time. The insurance association drew sixty-day franc bills upon Bordeaux, and the national 230 banking association endorsed these bills and sold them. Now, if these bills had to be protested in Europe, and came back, it would have affected both institutions, the insurance association and the bank.

Ques. Then, if the New Orleans National Banking Association had not been on the bills, you would not have had any motive to make the loan to the insurance association?

Ans. Well, I do not see why he called the presidents of the banks together. He ought to have called together the insurance companies; but we had no transactions with the bank; it was the insurance association, and they paid us for it.

Ques. What security did they give to you?

Ans. At the time they did not give any. It was understood that they should give it, but I went to Europe, and the matter was settled before I came back.

Ques. Was it not understood that the insurance association was to give a mortgage?

Ans. I believe they were to give a mortgage on their insurance building, but I was not present. I went away.

Ques. You were not present at a meeting called by M'r Cavaroc prior to this Sunday meeting?

Ans. I do not remember being present but at one meeting.

Ques. Do you remember the bank presidents being called together by him, for the purpose of rendering assistance to the banking association, prior to this Sunday meeting?

Ans. It is not very fresh on my mind, but I may have attended such a meeting.

Ques. Who invited you to this Sunday meeting?

231 Ans. I cannot recollect distinctly.

Ques. Was it M'r Blache, the cashier of the banking association?

Ans. I cannot recollect who did. I know M'r Schneider and M'r Cavaroc came to see me, but who specially invited me to that meeting I do not remember. My mind is not clear on that point. I know I went there, and found all the gentlemen there.

By M'r Beckwith, for complainant:

Ques. How long prior to this Sunday meeting had you been aware of the fact, as a banker, that the insurance association and the New Orleans National Banking Association had been, the one drawing and the other endorsing drafts?

Ans. I think these bills of the insurance association had been on the market here for a year.

Ques. Was it not considered kiting?

Ans. We could not understand it exactly. We considered the insurance association good. It had very good credit, and we supposed it was some financial operation. You know people sometimes draw bills of credit, then cover them, and make a handsome profit. For instance, if you draw for sixty days in the spring of the year, at the end you may cover and make a profit.

Ques. Is not that an extraordinary financial transaction for an insurance company to embark in?

Ans. Well, I should say it was.

Ques. Would it not be an extraordinary charter to enable them to enter into this?

232 Ans. Well, we considered M'r Cavaroc as rather an extraordinary man, and this business seemed to be of the Cavaroc style.

Ques. At this meeting on Sunday was any investigation made by you bank presidents into the authority of the insurance association to draw these drafts?

Ans. Yes, sir; I think we did. I thought she had a perfect right to do a banking business. Her charter is a remarkable one. It is not clear to my mind, but I think she could do a banking business. Anyhow, she could borrow money and give security for it.

Ques. At this meeting on Sunday was there a statement of the condition of the New Orleans National Banking Association submitted to you?

Ans. No, sir.

Ques. Are you sure of it?

Ans. He had no statement. I think M'r Cavaroc had his tickler there, and we looked over his portfolio.

Ques. The portfolio of the banking association?

Ans. I think he had the tickler of the bank up there to show, to a certain extent, the condition of the bank.

Ques. Did you look over and examine it as to the insurance association?

Ans. No, sir; we did not. It was a question of borrowing money.

Ques. Was it not discussed in that meeting whether you would make the loan to the banking association, or whether you would make it to the insurance association, and did not you presidents determine to loan to the insurance association because it gave better security, to wit, a mortgage on the bank building?

233 Ans. I do not remember that. I think the question was to loan to the insurance association on the security the association could offer.

Ques. Did you arrive at this room where the meeting was held before the discussion or proceedings commenced?

Ans. They were discussing it at the time I got there, and kept on in it.

Ques. You were not there at first?

Ans. No, sir; I was not there at first. I got there when they were in session talking about the matter. That is my recollection of the matter.

Ques. How did you understand this money that you advanced or did loan to the Insurance Association, on the credit of a mortgage on its building, was to be used? Was it placed in Europe in time to prevent the protest of these bills having the endorsement of the New Orleans National Banking Association?

Ans. Well, of my own right I sold a bill of £20,000 sterling to the insurance association, which they remitted at once. It was distinctly understood by me—I don't know about the other gentlemen—that it was to prevent these bills coming back; and, as I told you, it was collaterally for the bank, too, but the State National Bank had no transactions with the New Orleans National Banking Association.

Ques. Were the banks of the city, at the date of this meeting on Sunday, generally strong in cash on hand and in an ability to meet the run of depositors?

Ans. I think they were in a very good condition.

Ques. No nervousness in their condition?

Ans. No, sir; not the slightest.

234 Ques. A run on Cavaroc's bank then, you think, would not have affected other banks?

Ans. Well, I do not know; I cannot say. A run on any one bank might cause a distrust of the others. We have seen that since. The failure of the Citizens' Bank caused a run on the Bank of America; but things were in a very good condition during 1873 up to September.

By M'r Rouse:

Ques. Were you aware that during the month of June, 1873, the New Orleans National Banking Association was losing its deposits very rapidly?

Ans. No, sir; I was not.

Ques. Were you aware of the fact that it was borrowing money and discounting its portfolio to a very large extent?

Ans. No, sir.

Ques. Did you hear of its borrowing early in June from the National Park Bank of New York $150,000?

Ans. I did not.

Ques. Had you heard of its discounting some $40,000 of its portfolio with the Bank of America in the month of June, 1873?

Ans. I did not hear of it, I think.

Ques. Did you hear of its discounting a large portion of its portfolio with the Mutual National Bank?

Ans. I was told by M'r Fourchy that it had discounted.

Ques. Were you aware that it discounted a portion of its portfolio with the Germania National Bank in June, 1873?

235 Ans. I do not recollect about the Germania National Bank.

Ques. Did you purchase any of its time exchange during the summer of 1873?

Ans. I did not; I was not satisfied with the character of these operations, and I declined to purchase them.

Ques. They were offered to you then?

Ans. Yes, sir; they were on the market—the insurance association and the national banking association also.

SAM'L H. KENNEDY.

Subscribed and sworn before me March 3d, 1875.

F. A. WOOLFLEY,
Commissioner of the Circuit Court of the U. S.

236 EXHIBIT AA 5.

(Copy.)

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, May 22d, 1873.

SIR: The examiner's report of the condition of your bank on the 10th of April last has been received.

On the day of the examination the reserve of lawful money was about $81,500 too little. Section 31 of the currency act requires every national bank to keep its reserve good at all times, and I hope that you will make such arrangements as will enable you to meet this requirement of the law in future.

One of the directors is said to be liable to the bank for money borrowed to an amount exceeding the limit prescribed in section 29 of the currency act. The examiner says that this loan was accidentally allowed to *to* exceed the legal limit.

The provisions of the law on the subject are positive, and greater care should be exercised in making loans to the directors. The assets of the bank are not in a very satisfactory condition, and even at the valuation placed upon them by yourself, as stated in the report, the capital seems to be somewhat impaired. Notes amounting to $22,193 among the past-due paper are stated to be considered uncollect*a*ble, and there is an expense account of nearly $60,000, and some matters among the cash items which will have to be charged off, while the whole amount of accumulated earnings at the time of the examination was only
237 about $54,000. The large amount of overdue paper on hand
should be arranged in some way, and until a satisfactory settlement of it, or at least a prospect of settlement, can be had, the bank should continue to pay no dividends. The large amount of overdrafts reported should be collected, and the practice of making accommodations in this way discontinued. It is an injudicious way of lending money, and does not give a favorable impression of the management of a bank in which it is permitted to any considerable extent.

The stocks and bonds held among the resources should be disposed of if possible, as the funds invested in them would be more usefully employed in discounting legitimate business paper. The books and accounts, though well kept generally, are imperfect in some particulars, which I hope you will have remedied. Unless you and the other directors, after a thorough examination of the assets of the bank, shall be satisfied that its capital is unimpared, it will be necessary to call upon the stockholders to make up the deficiency in accordance with the provisions of section 1 of an act of Congress approved March 3, 1873, a copy of which you will find enclosed.

Please take the matter into consideration at an early day, and let me hear from you on the subject.

Very respectfully,
(Signed) JOHN JAY KNOX,
Comptroller.

CHA'S CAVAROC,
President New Orleans National Banking Association,
New Orleans, La.

238 EXHIBIT AA 6.

Statement of the condition of the New Orleans National Banking Association, at New Orleans in the State of Louisiana, at the close of business on the 4th day of October, 1873.

D'R. RESOURCES.

Notes and bills discounted	$853,066 43	
Gold notes & bills discounted	8,793 74	
Bills receivable	92,845 36	
Notes and bills dis. and sus. paper, old P. F	68,295 77	
Suspense account	109,721 48	
		1,132,713 78
U. S. 5 per cent. new loan	400,000 00	
Bonds and securities	161,360 36	
Real estate	40,641 93	
		602,002 29
U. S. taxes	4,501 93	
Furniture and fixtures	6,000 00	
Contingent expenses	17,014 18	
Law charges	201 45	
Protest account	381 28	
Premium account, (on bonds)	42,795 94	
Premium account, (on gold)	2,720 20	
		73,614 98
Cash account		51,492 33
Société de Crédit Suisse	30,635 53	
Seignouret Frères, account K and M	10,767 93	
Perier Frères & Co	4,811 52	
Fould & Co	1,586 28	
London Joint Stock Bank	2,187 98	
A. Lafargue & Co	48 16	
		50,037 30
239 National Park Bank, gold acc	5,063 27	
F. Schuchardt & Sons, c'y acc't	2,976 67	
Sternberger, Netter & Seasongood	812 11	
		8,852 05
Banks and bankers		211,400 18
		$2,130,112 91

LIABILITIES.		C'R.
Capital stock		600,000 00
Surplus funds		14,161 35
Circulation		360,000 00
Madison-street property		395 09
Interest account	10,654 72	
Exchange account	1,310 92	
Discount account	15,256 77	
Profit and loss	363 98	
		27,686 39
Seignouret Frères, account F	52,812 16	
Seignouret Frères, account S	11,630 33	
C. J. Hambro & Son	46,362 68	
A. Dutfoy & Co	41,813 89	
De Sulzer, Wart & Co	52,380 30	
Crédit Mobilier	218,454 34	
G. Honnorat & Co	22,191 10	
Roederer Frères	42,718 63	
		488,363 43
Dividends		5,493 60
Special deposits		3,450 00
Individual depositors		289,631 38
F. Schuchardt & Sons, gold account		66,255 12
240 National Park Bank, currency account		5,668 33
Clearing-house certificates		206,970 35
N. O. Mutual Ins. Association		61,122 73
Banks and bankers		916 14
		$2,130,112 91

Certified correct.

C. CAVAROC,
President.
HENRY BLACHE,
Cashier.

EXHIBIT J 1.

Clearing-house certificates issued to the New Orleans National Banking Association.

1873.						
Sept. 26.	Issued	Nos.	21–26	incl'sive,	$1,000 ea	$6,000
" 26.	"	"	18–26	"	$5,000 ea	45,000
" 27.	"	"	55, 56	"	$1,000 ea	2,000
" 27.	"	"	54	"	$1,000 ea	1,000
" 27.	"	"	43–50	"	$5,000 ea	40,000
" 29.	"	"	65–71	"	$1,000 ea	7,000
" 29.	"	"	53–60	"	$5,000 ea	40,000
" 30.	"	"	95–99	"	$1,000 ea	5,000
" 30.	"	"	81	"	$5,000 ea	5,000
Oct. 1.	Issued	Nos.	108–112	incl'sive,	$1,000 ea	5,000
" 1.	"	"	86– 90	"	$5,000 ea	25,000
" 1.	"	"	123, 124	"	$1,000 ea	2,000
" 3.	"	"	146–148	"	$1,000 ea	3,000
" 3.	"	"	120	"	$5,000 ea	5,000
						$191,000

1 *Clearing-house certificates returned and cancelled by the trustees.*

1863.

Oct.	21.	Ret'd certificates Nos. 26, 55, 68, 69, 112, 124, 96, 108, 109, $1,000 each	$9,000
"	21.	Ret'd certificates Nos. 22, 45, 90, $5,000 each	15,000
"	21.	Ret'd certificates Nos. 23, 110, $1,000 ea	2,000
"	29.	" " " 123, 22, 98, 147, $1,000 each	4,000
Nov.	3.	Ret'd certificates Nos. 67, 111, 146, $1,000 each	3,000
"	4.	Ret'd certificates Nos. 47, 55, 86, $5,000 each	15,000
"	12.	Returned certificates Nos. 25, 65, 66, 70, $1,000 each.	4,000
"	12.	Ret'd certificates Nos. 20, 26, $5,000 ea	10,000
"	15.	" " " 97, 99, $1,000 ea	2,000
"	15.	" " " 24, 50, 57, 59, 81, 87, $5,000 each	30,000
"	17.	Ret'd certificates Nos. 18, 56, 58, $5,000 each	15,000
"	18.	Ret'd certificates Nos. 60, 120, $5,000 ea	10,000
"	19.	" " " 48, 89, $5,000 ea	10,000
"	25.	" " 25, $5,000 each	5,000
"	29.	" " 19, 23, 43, 44, 46, 49, 53, $5,000 each	35,000
Dec.	3.	Ret'd certificate No. 21	1,000
			$170,000

242 *Receipt A.—Filed May 28th*, 1875.

Circuit court of the United States, district of Louisiana, in chancery sitting.

JOHN COCKREM, RECEIVER, &C.,
vs.
LOUIS SCHNEIDER, GEO. JONAS, PATRICK IRWIN.

Received of the defendants herein, viz, Louis Schneider, Geo. Jonas, & Patrick Irwin, the sum of $\$32,887\frac{41}{100}$. (thirty-two thousand eight hundred and eighty-seven $\frac{41}{100}$ dollars,) and the following securities and notes and collaterals securing them:

		Amounts	Paid on a/c
A. Poincy, mortgage note		8,500	500
P. S. Wiltz' note, end'd by A. Tertrou, due 23d Feb'y, 1875		3,550 49	
Note W. W. Hays, past due, with collaterals as follows: Receipt of Holmes & Co. for 80 tierces beef.		400	
E. S. Wurzburger's note, past due, with collaterals as follows: His 3 mortgage notes, $1,000 each		2,800	
John Rocchi, note past due, with collaterals as follows:			
243 Certificates for 74 shares stock of the New Orleans Mutual Insurance Association		7,000	
J. Moriarty's note, past due, protested	263 45		
Prot. fee	3		
		266 45	
Judge A. L. Tissot's note, past due and protested		300	
J. Bethancourt " " " "	$1,406 25		
& protest	3 50		
		1,409 75	
Bodet Guedau Frères " " "	$1,000		

& protest		3 50	
			1,003 50
A. Lastrapes & Co.	" " "	$5,000	
Pro. fee		3	
			5,003
W. Bredig	" " "	$1,810	
Pro. fee		4 50	
			1,814 50
10 bonds of the Mechanics' and Agricultural Fair-Grounds Association, of $1,000 each			10,000

The said cash and securities and notes & collaterals, being thus received on account of the demand set forth in the bill of complainant filed herein, and without prejudice to other and further demands of the said bill of complaint.

New Orleans, 1st Feb'y, 1875.

(Signed) N. W. CASEY,
Receiver N. O. Nat. B'k'g Ass'n.

244

EXHIBIT J 2.

$1,000.00.] NEW ORLEANS, *September 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 26.

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Oct. 21st, 1873.

245

EXHIBIT J 3.

$1,000.00. NEW ORLEANS, *Sept. 27th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theo. Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between banks.

No. 55.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Oct. 21, '73.

EXHIBIT J 4.

$1,000.00. NEW ORLEANS, *September 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of
New Orleans, parties to an act passed before Theo. Guyol, notary pub-
lic, on the 25th day of September, 1873, do hereby certify that the New
Orleans National Banking Association, of New Orleans, has de-
246 posited with them collaterals to secure the payment of one thou-
sand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 68.

[SEAL.] (Signed)

Trustees.

(On the margin :) Certificate.

(Across the face :) Cancelled Oct. 21st, 1873.

EXHIBIT J 5.

$1,000.00. NEW ORLEANS, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theo. Guyol, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate it receivable in settlement of balances between the banks.

No. 69.

[SEAL.] (Signed)

Trustees.

(On the margin :) Certificate.

(Across the face :) Cancelled Oct. 21st, 1873.

247

EXHIBIT J 6.

$1,000.00. NEW ORLEANS, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theo. Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 112.

[SEAL.] (Signed)

Trustees.

(On the margin :) Certificate.

(Across the face :) Cancelled Oct. 21, '73.

EXHIBIT J 7.

$1,000.00. NEW ORLEANS, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of
New Orleans, parties to an act passed before Theo. Guyol, notary pub-
lic, on the 25th day of September, 1873, do hereby certify that
248 the New Orleans National Banking Association, of New Orleans,
has deposited with them collaterals to secure the payment of
one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 124.

[SEAL.] (Signed)

Trustees.

(On the margin :) Certificate.
(Across the face :) Cancelled Oct. 21, '73.

EXHIBIT J 8.

$1,000.00. NEW ORLEANS, *Sept. 30th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theo. Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 96.

[SEAL.] (Signed)

Trustees

(On the margin :) Certificate.
(Across the face :) Cancelled Oct. 21, '73.

249

EXHIBIT J 9.

$1,000.00. NEW ORLEANS, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theo. Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 108.

[SEAL.] (Signed)

Trustees.

(On the margin :) Certificate.
(Across the face :) Cancelled Oct. 21, '75.

EXHIBIT J 10.

$1,000.00. NEW ORLEANS, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theo. Guyol, notary public, on the 25th day of September, 1873, do hereby certify 250 that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 109.

[SEAL.] (Signed)

Trustees.

(On the margin :) Certificate.
(Across the face :) Cancelled Oct. 21, '73.

EXHIBIT J 11.

$5,000.00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 22.

[SEAL.] (Signed)

Trustees.

(On the margin :) Certificate.
(Across the face :) Cancelled Oct. 21, '73.

251

EXHIBIT J 12.

$5,000.00. NEW ORLEANS, *Sept 27th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 45.

[SEAL.] (Signed)

Trustees.

(On the margin :) Certificate.
(Across the face :) Cancelled Oct. 21, '73.

EXHIBIT J 13.

$5,000.00. NEW ORLEANS, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25 day of September, 1873, do hereby certify that 252 the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 90.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Oct. 21, '73.

EXHIBIT J 14.

$1,000,00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 23.

[SEAL.] (Signed)

(On the margin:) Certificate.

(Across the face:) Cancelled Oct. 21, '73.

253 EXHIBIT J 15.

$1,000.00. NEW ORLEANS, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 110.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Oct. 21, '73.

EXHIBIT J 16.

$1,000.00. NEW ORLEANS, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that 254 the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 123.

[SEAL.] (Signed)

Trustees.

On the margin: (Certificate.)

EXHIBIT J 17.

$1,000.00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 22.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

255

EXHIBIT J 18.

$1,000.00. NEW ORLEANS, *Sept. 30th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 98.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

EXHIBIT 19.

$1,000.00. NEW ORLEANS, *Oct. 3d*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has 256 deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 147.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

EXHIBIT J 20.

$1,000.00. NEW ORLEANS, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 67.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

257 EXHIBIT 21.

$1,000.00. NEW ORLEANS, *Oct. 1st*, 1875.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1875, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 111.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

EXHIBIT J 22.

$1,000.00. NEW ORLEANS, *Oct. 3d*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify 258 that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 146.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

EXHIBIT J 33.

$5,000.00. NEW ORLEANS, *Sept. 27th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 47.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

259 EXHIBIT J 24.

$5,000.00. NEW ORLEANS, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 55.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

Exhibit J 25.

$1,000.00. New Orleans, *September 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify
260 that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the the banks.

No. 25.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 12, '73.

Exhibit J 26.

$5,000.00. New Orleans, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 86.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

261

Exhibit J 27.

$1,000.00. New Orleans, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 65.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 12, '73.

EXHIBIT J 28.

$1,000.00. NEW ORLEANS, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has 262 deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 66.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 12, '73.

EXHIBIT J 29.

$1,000.00. NEW ORLEANS, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 70.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 12, '73.

263 EXHIBIT J 30.

$5,000.00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 20.

[SEAL.] (Signed)
(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 12th, '73.

EXHIBIT J 31.

$5,000.00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify 264 that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 26.

[SEAL.] (Signed)

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 12, '73.

EXHIBIT J 32.

$1,000.00. NEW ORLEANS, *Sept. 30th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 97.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 15, '73.

265 EXHIBIT J 33.

$1,000.00. NEW ORLEANS, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 71.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 15, '73.

EXHIBIT J 34.

$5,000.00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that 266 the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 24.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 15, '73.

EXHIBIT J 35.

$5,000.00. NEW ORLEANS, *Sept. 27th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 50.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 15, '73.

267 EXHIBIT J 36.

$5,000.00. NEW ORLEANS, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 57.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 15, '73.

EXHIBIT J 37.

$5,000.00. NEW ORLEANS, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that
268 the New Orleans National Banking Association, of New Orleans,
has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 59.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 15, '73.

EXHIBIT J 38.

$5,000.00. NEW ORLEANS, *Sept. 30th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 81.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 15, '73.

269 EXHIBIT J 39.

$5,000.00. NEW ORLEANS, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 87.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 15, '73.

Exhibit J 40.

$5,000.00. New Orleans, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers
of New Orleans, parties to an act passed before Theodore Guyol, notary
public, on the 25th day of September, 1873, do hereby certify that
270 the New Orleans National Banking Association, of New Orleans,
has deposited with them collaterals to secure the payment of five
thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 18.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 17, '73.

Exhibit J 41.

$5,000.00. New Orleans, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 56.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 17, '73.

271

Exhibit J 42.

$5,000.00 New Orleans, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 58.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 17, '73.

EXHIBIT 43.

$5,000.00. NEW ORLEANS, *Sept. 29th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that
272 the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 60.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 17, '73.

EXHIBIT J 44.

$5,000.00. NEW ORLEANS, *Oct. 3d*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 120.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 18, '73.

273 EXHIBIT J 45.

$5,000.00. NEW ORLEANS, *Sept. 27th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 48.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 19.

EXHIBIT J 46.

$5,000.00. NEW ORLEANS, *Oct. 1st*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has 274 deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 89.

[SEAL.] (Signed)

Trustees.

(On the margin: Certificate.
(Across the face:) Cancelled Nov. 19.

EXHIBIT J 47.

$5,000.00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 25.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 25.

275 EXHIBIT J 48.

$5,000.00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 19.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 29.

EXHIBIT J 49.

$5,000.00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers
of New Orleans, parties to an act passed before Theodore Guyol, notary
public, on the 25th day of September, 1873, do hereby certify that
276 the New Orleans National Banking Association, of New Orleans,
has deposited with them collaterals to secure the payment of five
thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 23.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 29.

EXHIBIT J 50.

$5,000.00. NEW ORLEANS, *Sept. 27th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 43.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 29.

277

EXHIBIT J 51.

$5,000.00. NEW ORLEANS, *Sept. 27th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 44.

[SEAL.] (Signed) LOUIS SCHNEIDER,
GEO. JONAS,
P. IRWIN,
Trustees.

(On the margin:) Certificate.
(Across the face:) Cancelled Nov. 29.

EXHIBIT J 52.

$5,000.00. NEW ORLEANS, *Sept. 27th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify 278 that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 46.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 29.

EXHIBIT J 53.

$5,000.00. NEW ORLEANS, *Sept. 27th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 49.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 29.

279

EXHIBIT J 54.

$1,000.00. NEW ORLEANS, *Sept. 26th*, 1873.

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify that the New Orleans National Banking Association, of New Orleans, has deposited with them collaterals to secure the payment of one thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 21.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Dec. 3d.

EXHIBIT J 55.

$5,000.00. **NEW ORLEANS, *Sept. 29th*, 1873.**

CLEARING-HOUSE CERTIFICATE.

We, the undersigned trustees, representing the banks and bankers of New Orleans, parties to an act passed before Theodore Guyol, notary public, on the 25th day of September, 1873, do hereby certify
280 that the New Orleans National Banking Association has deposited with them collaterals to secure the payment of five thousand dollars.

This certificate is receivable in settlement of balances between the banks.

No. 53.

[SEAL.] (Signed)

Trustees.

(On the margin:) Certificate.

(Across the face:) Cancelled Nov. 29th.

281

EXHIBIT B 2.

NEW ORLEANS, *September 25th*, 1873.

No.	Banks.	Balances due to clearing-house.	Banks d'r.	Banks cr.	Balances due to banks.	No.
1	Citizens' Bank of Louisiana		$33,674 40	$52,101 10	$18,426 70	1
2	Union National Bank		48,699 07	65,537 76	16,838 69	2
3	Louisiana National Bank		45,025 81	117,936 54	72,910 73	3
4	State National Bank		90,685 47	92,751 00	2,065 53	4
5						5
6	Germania National Bank	$43,129 57	80,891 09	38,761 52		6
7	Teutonia National Bank	7,858 42	19,217 26	11,358 84		7
8	New Orleans National Bank	3,237 59	24,688 48	21,450 89		8
9	Hibernia Bank		36,495 91	39,183 24	2,687 33	9
10						10
11	N. O. National Banking Association	25,000 51	31,752 00	6,751 98		11
12						12
13	Canal and Banking Co	6,470 59	90,135 70	83,665 11		13
14	Mutual National Bank	21,424 81	54,946 90	33,522 09		14
15	Southern Bank	6,807 49	12,312 56	5,505 07		15
		$112,928 98	$568,525 14	$568,525 14	$112,928 98	

I certify a true copy from daily clearings on the day and year above written.

I. N. MAYNARD,
Manager N. O. C. H. A.

NEW ORLEANS, *February 10th*, 1874.

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NEW ORLEANS, *September 26th*, 1873.

No.	Banks.	Balances due to clearing-house.	Banks d'r.	Banks cr.	Balances due to banks.	No.
1	Citizens' Bank of Louisiana		$44,711 57	$60,921 52	$16,209 95	1
2	Union National Bank	$6,152 77	69,150 14	63,006 37		2
3	Louisiana National Bank		37,980 31	65,399 30	27,418 99	3
4	State National Bank		100,635 92	107,061 40	6,425 48	4
5						5
6	Germania National Bank		54,258 33	84,678 59	30,420 26	6
7	Teutonia National Bank	2,912 23	21,793 32	18,880 99		7
8	New Orleans National Bank	2,165 07	21,952 97	19,787 90		8
9	Hibernia Bank		51,195 78	53,686 57	2,490 79	9
10	Bank of Lafayette	2,861 79	10,050 91	7,189 13		10
11	N. O. National Banking Association	50,844 21	71,684 85	20,840 64		11
12	Pike, Brother & Co		24,885 06	50,012 49	25,127 43	12
13	Canal and Banking Co		69,120 98	101,010 68	31,889 70	13
14	Mutual National Bank	23,164 72	55,156 29	31,991 57		14
15						15
16	People's Bank	51,807 42	118,542 35	66,734 93		16
17	Bank of America	74 29	20,458 93	20,384 64		17
		$139,982 60	$771,586 71	$771,586 71	$139,982 60	

I certify a true copy of daily clearings on the day and year above written.
New Orleans, February 10, 1874.

I. N. MAYNARD,
Manager N. O. C. H. A.

Clearing-house certificates were issued in sums not less than $1,000.

NEW ORLEANS, *September 27th*, 1873.

No.	Banks.	Balances due to clearing-house.	Banks d'r.	Banks c'r.	Balances due to banks.	No.
1	Citizens' Bank of Louisiana................	$	$43,780 31	$47,845 80	$4,065 69	1
2	Union National Bank ...	2,607 54	58,840 91	56,233 37	....	2
3	Louisiana National Bank	....	55,657 68	66,515 81	10,858 13	3
4	State National Bank....	....	71,389 11	77,557 86	6,168 75	4
5	....	....	....	....	....	5
6	Germania National Bank.	....	48,494 02	77,386 58	28,894 56	6
7	Teutonia National Bank.	389 05	10,592 16	10,203 11	....	7
8	New Orleans National Bank................	1,403 38	14,529 33	13,125 95	....	8
9	Hibernia Bank	....	56,111 86	80,263 47	24,151 61	9
10	Bank of Lafayette	....	733 80	4,039 83	3,306 03	10
11	N. O. National Banking Association...........	43,362 60	54,378 62	11,016 02	....	11
12	Pike, Brother & Co.....	....	13,616 07	33,137 07	19,521 00	12
13	Canal and Banking Co ..	....	74,684 24	87,530 67	12,882 43	13
14	Mutual National Bank ..	58,606 33	106,538 95	47,932 62	....	14
15	....	....	....	....	....	15
16	People's Bank..........	2,876 07	23,705 74	20,829 67	....	16
17	Bank of America	603 03	73,455 99	72,852 96	....	17
		$109,848 00	$706,470 79	$706,470 79	$109,848 00	

I certify a true copy of daily clearings on the day and year above written.

I. N. MAYNARD,
Manager N. O. C. H. A.

NEW ORLEANS, *February* 10, 1874.

284 NEW ORLEANS, *September 29th*, 1873.

No.	Banks.	Balances due to clearing-house.	Banks d'r.	Banks c'r.	Balances due to banks.	No.
1	Citizens' Bank of Louisiana..................	$30,600 20	$79,204 48	$48,604 28	$	1
2	Union National Bank....	....	60,420 47	65,905 65	5,485 18	2
3	Louisiana National Bank	....	48,390 50	83,858 25	35,467 75	3
4	State National Bank	....	62,433 97	116,716 61	54,282 64	4
5	....	....	....	....	....	5
6	Germania National Bank	....	38,935 17	60,171 36	21,236 19	6
7	Teutonia National Bank.	8,477 52	18,487 20	10,009 68	....	7
8	New Orleans National Bank................	4,024 91	15,821 07	11,796 16	....	8
9	Hibernia Bank	....	53,222 89	53,797 10	574 21	9
10	Bank of Lafayette	4,592 67	6,855 89	2,263 22	....	10
11	N. O. National Banking Association	47,239 38	58,348 01	11,108 63	....	11
12	Pike, Brother & Co	....	16,852 48	35,837 51	18,885 03	12
13	Canal and Banking Co..	....	63,289 86	98,394 20	35,104 34	13
14	Mutual National Bank ..	8,786 10	43,571 07	34,784 97	....	14
15	....	....	....	....	....	15
16	People's Bank..........	13,565 01	31,939 62	18,374 61	....	16
17	Bank of America	53,749 55	86,943 76	33,194 21	....	17
		$171,035 34	$684,816 44	$684,816 44	$171,035 34	

I certify a true copy of daily clearings on the day and year above written.

I. N. MAYNARD,
Manager N. O. C. H. A.

NEW ORLEANS, *February* 10 1874.

285 New Orleans, *September* 30*th*, 1873.

No.	Banks.	Balances due to clearing-house.	Banks d'r.	Banks c'r.	Balances due to banks.	No.
1	Citizens' Bank of Louisiana........	$25,758 96	$64,477 27	$38,718 31	$	1
2	Union National Bank	....	54,514 60	80,860 22	26,345 62	2
3	Louisiana National Bank............	....	70,756 43	113,867 74	43,111 31	3
4	State National Bank.	17,582 63	116,171 81	98,589 18	....	4
5	....	....	....	....	....	5
6	Germania National Bank............	17,754 00	98,026 35	80,272 35	....	6
7	Teutonia National Bank............	15,129 00	29,277 78	14,148 78	....	7
8	New Orleans National Bank......	....	22,655 34	37,347 69	14,692 35	8
9	Hibernia Bank.....	....	40,788 29	75,064 45	34,276 16	9
10	Bank of Lafayette..	....	4,553 03	7,053 75	2,500 72	10
11	N. O. National Banking Association...	12,488 00	34,360 05	21.872 05	....	11
12	Pike, Brother & Co.	....	24,776 03	27,987 21	3,211 18	12
13	Canal and Banking Co.	3,108 28	96,246 31	93,138 03	....	13
14	Mutual National Bank............	....	53,249 57	55,423 54	2,173 97	14
15	....	....	....	....	....	15
16	People's Bank......	8,936 79	27,485 91	18,549 12	....	16
17	Bank of America....	25,553 65	96,554 40	71,000 75	....	17
		$126,311 31	$833,893 17	$833,893 17	$126,311 31	

I certify a true copy of daily clearings on the day and year above written.

I. N. MAYNARD,
Manager N. O. C. H. A.

New Orleans, *Feb.* 10*th*, 1874.

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NEW ORLEANS, *October 1st*, 1873.

No.	Banks.	Balances due to clearing-house.	Banks d'r.	Banks c'r.	Balances due to banks.	No.
1	Citizens' Bank of Louisiana........	$36,557 55	$71,837 14	$35,279 59	$	1
2	Union National Bank	....	61,738 18	74,102 74	12,364 56	2
3	Louisiana National Bank............	....	30,740 17	104,267 00	73,526 83	3
4	State National Bank.	....	107,936 35	112,225 18	4,288 83	4
5	....	....	....	....	....	5
6	Germania National Bank............	....	44,005 71	53,866 99	9,861 28	6
7	Teutonia National Bank............	....	9,318 40	10,755 06	1,436 66	7
8	New Orleans National Bank......	....	16,908 76	23,971 25	7,062 49	8
9	Hibernia Bank.....	24,675 82	70,022 71	45,346 89	....	9
10	Bank of Lafayette..	34 03	5,609 05	5,575 02	....	10
11	N. O. National Banking Association...	37,169 11	51,722 90	14,553 79	....	11
12	Pike, Brother & Co.	....	20,900 16	30,306 92	9,406 76	12
13	Canal and Banking Co.............	....	66,710 82	95,148 64	28,437 82	13
14	Mutual National Bank............	11,971 20	65,133 38	53,162 18	....	14
15	....	....	....	....	....	15
16	People's Bank......	8,859 81	20,177 06	11,317 25	....	16
17	Bank of America....	27,117 71	83,382 11	56,264 40	....	17
		$146,385 23	$726,142 90	$726,142 90	$146,385 23	

I certify a true copy of daily clearings on the day and year above written.

I. N. MAYNARD,
Manager N. O. C. H. A.

NEW ORLEANS, *Feb.* 10, 1874.

NEW ORLEANS, *October 2d*, 1873.

No.	Banks.	Balances due to clearing-house.	Banks d'r.	Banks c'r.	Balances due to banks.	No.
1	Citizens' Bank of Louisiana........	$	$29,850 60	$44,070 40	$14,219 80	1
2	Union National Bank..........	....	56,966 86	95,691 43	38,724 57	2
3	Louisiana National Bank............	23,380 59	79,094 02	55,713 43	....	3
4	State National Bank	....	100,558 06	126,150 43	25,592 37	4
5	....	....	....	....	....	5
6	Germania National Bank............	....	34,045 14	45,705 30	11,660 16	6
7	Teutonia National Bank............	1,219 76	7,820 75	6,609 99	....	7
8	New Orleans National Bank	....	20,701 10	29,558 75	8,857 15	8
9	Hibernia Bank	9,693 93	43,402 16	33,708 23	....	9
10	Bank of Lafayette ..	....	5,779 18	6,232 06	452 88	10
11	N. O. National Banking Association...	26,840 19	43,881 42	17,038 23	....	11
12	Pike, Brother & Co.	....	23,261 05	36,121 53	12,760 48	12
13	Canal and Banking Co	....	86,324 97	97,478 15	11,153 18	13
14	Mutual National Bank...........	46,986 40	79,058 94	32,072 54	....	14
15	....	....	....	....	....	15
16	People's Bank......	8,377 31	17,110 34	8,733 03	....	16
17	Bank of America ...	6,919 41	40,705 20	33,785 79	....	17
		$123,420 59	$668,659 79	$668,659 79	$123,420 59	

I certify a true copy of daily clearings on the day and year above written.

I. N. MAYNARD,
Manager N. O. C. H. A.

NEW ORLEANS, *February* 10, 1874.

288 New Orleans, *October 3d*, 1873.

No.	Banks.	Balances due to clearing-house.	Banks d'r.	Banks c'r.	Balances due to banks.	No.
1	Citizens' Bank of Louisiana	$13,329 16	$49,729 96	$36,400 80	$	1
2	Union National Bank		86,933 05	104,020 56	17,087 51	2
3	Louisiana National Bank		97,058 51	107,595 52	10,537 01	3
4	State National Bank	6,021 01	129,695 06	123,674 05		4
5						5
6	Germania National Bank		48,251 01	86,479 63	38,228 62	6
7	Teutonia National Bank		5,176 72	12,709 34	7,532 62	7
8	New Orleans National Bank	6,424 05	19,913 73	13,489 68		8
9	Hibernia Bank	11,413 01	55,602 61	44,189 60		9
10	Bank of Lafayette	4,772 24	9,466 33	4,694 09		10
11	N. O. National Banking Association	10,799 81	41,848 00	31,048 19		11
12	Pike, Brother & Co.		29,232 99	56,200 33	26,967 33	12
13	Canal and Banking Co	2,138 99	109,724 37	107,585 38		13
14	Mutual National Bank	21,739 11	77,561 70	55,822 59		14
15						15
16	People's Bank	6,042 39	18,967 43	12,925 04		
17	Bank of America	17,673 32	70,491 21	52,817 89		16
		$100,353 09	$849,652 68	$849,652 68	$100,353 09	17

I certify a true copy of daily clearings on the day and year above written.

I. N. MAYNARD,
Manager N. O. C. H. A.

New Orleans, *February* 10, 1874.

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289 NEW ORLEANS, *October 4th*, 1873.

No.	Banks.	Balances due to clearing-house.	Banks d'r.	Banks c'r.	Balances due to banks.	No.
1	Citizens' Bank of Louisiana........	$	$64,295 79	$74,608 20	$10,312 41	1
2	Union National Bank	....	122,375 66	165,416 12	43,640 46	2
3	Louisiana National Bank...........	5,450 97	102,027 09	96,576 12	....	3
4	State National Bank.	....	113,244 29	139,826 64	26,581 75	4
5	....	....	....	....	....	5
6	Germania National Bank...........	57,106 09	114,061 10	56,955 01	....	6
7	Tentonia National Bank...........	9,612 22	26,022 72	16,410 50	....	7
8	New Orleans National Bank	....	18,397 37	24,746 38	6,349 01	8
9	Hiberma Bank	8,967 12	78,543 28	69,576 16	....	9
10	Bank of Lafayette ..	1,078 43	6,812 49	5,734 06	....	10
11	N. O. National Banking Association...	....	23,305 25	26,334 90	3,029 65	11
12	Pike, Brother & Co.	....	35,266 99	42,022 55	6,755 56	12
13	Canal and Banking Co............	....	117,994 16	146,636 18	28,642 02	13
14	Mutual National Bank............	35,038 60	101,705 18	66,666 58	....	14
15	....	....	....	....	....	15
16	People's Bank......	6,182 97	23,211 86	17,028 89	....	16
17	Bank of America....	1,274 46	92,480 61	91,206 15	....	17
		$124,710 86	$1,039,743 84	$1,039,743 84	$124,710 86	

I certify a true copy of daily clearings on the day and year above written.

I. N. MAYNARD,
Manager N. O. C. H. A.

NEW ORLEANS, *Feb. 10th*, 1874.

290 UNITED STATES OF AMERICA,
District of Louisiana, ss:

I, Francis Woolfley, commissioner of the circuit court of the United States, district of Louisiana, duly appointed by agreement of parties to take the testimony of George Jonas, Louis Schneider, Patrick Irwin, and Isaac N. Maynard, witnesses on the part of the defendants, do hereby certify that on the days named in the depositions hereto annexed, I was attended at the office of J. D. Rouse, esq., No. 3½ Carondelet street, in the city of New Orleans, by the counsel and witnesses aforesaid, that the witnesses were duly sworn and examined, and the depositions reduced to writing and read to the witnesses, and by them subscribed in my presence and that Exhibit J1 to J55 inclusive, and B2, were introduced in evidence in said cause during the taking of said depositions. And I further certify that the depositions of Jules Aldigé, taken on behalf of defendants, in the case of John Cockrem, receiver of the New
Orleans National Banking Association, vs. Charles Cavaroc &
291 Son et al., No. 7064, United States circuit court, and the deposi-
tions of George Jonas and Samuel H. Kennedy, taken on behalf of defendants, in the case of John Cockrem, receiver of the New Orleans National Banking Association, vs. The National Park Bank of

New York et als., No. 7072, U. S. circuit court, were offered in evidence by the defendants in this case.

New Orleans, May 22d, 1875.

(Signed) F. A. WOOLFLEY,
Comm'r U. S. Circuit Court District of Louisiana.

292 *Consent for publication of testimony.—Filed May 22d,* 1875.

United States circuit court, district of Louisiana. In equity.

JOHN COCKREM, (N. W. CASEY SUBSTITUTED,) receiver of the New Orleans National B'k'g Association,
vs.
LOUIS SCHNEIDER ET ALS.
No. 7069.

By consent of parties, the clerk will enter an order of publication of testimony in this suit; rule therefor being hereby waived.

New Orleans, May 22d, 1875.

(Signed) J. D. ROUSE,
Sol'r for Compl't.
FINNEY & MILLER,
For Defendants.

Entry publication of testimony in chancery order-book.—May 22d, 1875.

JOHN COCKREM, (N. W. CASEY SUBSTITUTED,) receiver of the N. O. Nat. B'k'g Association,
vs.
LOUIS SCHNEIDER ET ALS.
No. 7069.

293 By consent of all parties this day filed, rule therefor is waived and publication in this case ordered.

Motion and order case fixed.—Extract from the minutes of May 22d, 1875.

JOHN COCKREM, REC'R,
vs.
LOUIS SCHNEIDER ET ALS.
No. 7069.

On motion of J. D. Rouse, esq., ordered that this cause be set for trial on Friday, 28th instant, at 11 o'clock a. m., and that the adverse party be notified.

Note of evidence.—Filed May 28th, 1875.

JOHN COCKREM, &C.,
vs.
L. SCHNEIDER ET ALS.
No. 7069.

All that is contained in the printed record is considered in evidence.

Defendants offer receipt "A," also a batch of papers marked "B," 54 in number; also doc't "C."

It is admitted by complainant that defendants have paid over the sum of money and delivered over the collaterals as stated in receipt "A."

294 *Hearing and continuance.—Extract from the minutes, April term, A. D.* 1875.

NEW ORLEANS, *Friday, May 28th*, 1875.

Court met pursuant to adjournment.

Present, Hon. W'm B. Woods, circuit judge.

JOHN COCKREM, REC'R,
vs. } No. 7069.
L. SCHNEIDER ET ALS.

This cause was called for trial.

J. D. Rouse & J. R. Beckwith, for complainant.

Finney & Miller, for defendants.

And after hearing the pleadings and evidence the cause is continued till Monday, 31st inst., at 11 a. m.

Hearing & continuance.—Extract from the minutes of May 31st, 1875.

JNO. COCKREM, REC'R, (N. W. CASEY, substituted,)
vs. } No. 7069.
L. SCHNEIDER ET ALS.

The trial of the above cause was resumed, and after hearing argument the same is continued till to-morrow, June 1st, 1875, at 11 a. m.

Hearing and continuance.—Extract from the minutes of June 1st, 1875.

295 JNO. COCKREM, REC'R, (N. W. CASEY substituted,)
vs. } No. 7069.
L. SCHNEIDER ET ALS.

The trial of the above cause was resumed, and after hearing argument the same is continued till to-morrow, 2d inst., at 11 a. m.

Hearing and submission.—Extract from minutes of June 2d, 1875.

JNO. COCKREM, REC'R, (N. W. CASEY, substituted,)
vs. } No. 7069.
L. SCHNEIDER ET ALS.

The trial of the above cause was resumed, and after hearing argument the court took time to advise.

Decree.—Entered & filed June 7th, 1875.

United States circuit court, district of Louisiana.

JOHN COCKREM, REC'R OF THE N. O. NAT. B'k'g Association, (N. W. Casey substituted,)
vs. } No. 7069.
LOUIS SCHNEIDER ET ALS.

This cause came on to be heard upon the bill, answer, replica-

296 tion, exhibits, and proofs, and was argued by counsel. On consideration whereof, for reasons assigned by the court in writing, it is ordered, adjudged, and decreed that the complainant's bill be dismissed, and that the injunction heretofore issued be dissolved at complainant's costs.

(Signed) W. B. WOODS, *Judge.*

Motion and order granting appeal.—Entered and filed June 7th, 1875.

Circuit court of the United States, district of Louisiana. In equity.

JOHN COCKREM, REC'R OF THE N. O. NAT. B'k'g Association, (N. W. Casey sub. as receiver,)
vs.
LOUIS SCHNEIDER ET ALS.
} No. 7069.

On motion of the said complainant herein, by J. D. Rouse and J. R. Beckwith, his solicitors, it is ordered that the said complainant be and is hereby allowed an appeal from the final decree rendered in this cause to the Supreme Court of the United States, returnable at the next 297 term thereof, on the first day of said term, the same to operate as a supersedeas upon said complainant giving bond, with good and solvent surety, conditioned as the law directs, in the sum of one thousand dollars, and that this motion and order be entered of record in this cause at the present term of this court.

(Signed) W. B. WOODS, *Judge.*

Bond for appeal.—Filed June 16th, 1875.

UNITED STATES OF AMERICA:

Know all men by these presents that we, Nicholas W. Casey, receiver of the New Orleans National Banking Association, as principal, and John D. Rouse, as surety, are held and firmly bound, jointly and severally, unto George Jonas, Louis Schneider, and Patrick Irwin, in the sum of one thousand dollars, lawful money of the United States of America, to be paid to the said George Jonas, Louis Schneider, and Patrick Irwin, their heirs, executors, administrators, and assigns, 298 for which payment well and truly to be made, we bind ourselves and each of us by himself, and each of our heirs, executors, administrators, firmly by these presents; sealed with our seals, and dated the sixteenth day of June, in the year of our Lord eighteen hundred and seventy-five.

Whereas the above-named Nicholas W. Casey, receiver of the New Orleans National Banking Association, hath taken an appeal to the Supreme Court of the United States from and to reverse the decree rendered by the honorable the circuit court of the United States for the fifth circuit, holding sessions in and for the district of Louisiana, in the suit of John Cockrem, (N. W. Casey substituted,) receiver of the New Orleans National Banking Association, against Louis Schneider, George Jonas, and Patrick Irwin, number 7069 of the docket of said court, in equity:

Now the condition of the above obligation is, that if the above-bounden Nicholas W. Casey, receiver of the New Orleans National Banking Association, shall prosecute his said appeal to effect, and answer all 299 costs and damages if he shall fail to make good his plea, then this obligation shall be void; otherwise to remain in full force and virtue.

(Signed) NICHOLAS W. CASEY. [L. S.]
" JOHN D. ROUSE. [L. S.]

Signed, sealed, and delivered in presence of—

Approved:
(Signed) W. B. WOODS,
Judge.

300 UNITED STATES OF AMERICA:

Circuit court of the United States, fifth circuit and district of Louisiana.

CLERK'S OFFICE.

I, Francis A. Woolfley, clerk of the circuit court of the United States for the fifth circuit and district of Louisiana, do hereby certify that the foregoing 299 pages contain and form a full, complete, true, and perfect transcript of the record and proceedings had, together with all the evidence adduced, on the trial of the case of John Cockrem, receiver of the New Orleans National Banking Association, Nicholas W. Casey substituted as receiver, versus Louis Schneider et als., No. 7069 of the docket, so far as the same now remain of record or on file in said court.

Witness my hand and the seal of said court, at the city of New Orleans, this 15th day of September, A. D. 1875.

[SEAL.] F. A. WOOLFLEY, *Clerk.*

I, W. B. Woods, United States judge for the district of Louisiana, do certify that Francis A. Woolfley, whose name is signed to the above certificate as clerk of the circuit court of the United States for the fifth circuit and district of Louisiana, was, at the time of signing said certificate, and is now, the clerk of said court; that said certificate is in due form of law, and that full faith and credit are due to his official attestations as such clerk.

Given under my hand, at the city of New Orleans, in said district, this 15th day of September, A. D. 1875.

W. B. WOODS, *Judge.*

301 THE UNITED STATES OF AMERICA.

United States circuit court, district of Louisiana.

The President of the United States to Louis Schneider, George Jonas, and Patrick Irwin, greeting:

You and each of you are hereby severally cited and admonished to be and appear at a Supreme Court of the United States to be holden at the city of Washington on the second Monday of October next, pursuant to a motion & order for appeal of record & filed in the clerk's office of the circuit court of the United States for the fifth circuit and district of Louisiana, wherein Nicholas W. Casey, receiver of the New Orleans National Banking Association, is complainant and appellant, and you are defendants & appellees, to show cause, if any there be, why the judgment rendered against the said complainant, as in said motion mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

Witness the honorable Morrison R. Waite, Chief-Justice of the Supreme Court of the United States, this 14th day of July, in the year of our Lord one thousand eight hundred and seventy-five.

W. B. WOOD, *Judge.*

On this 28th day of August, 1875, personally before me, S. W. Reed, a deputy U. S. marshal for the district of Louisiana, and makes oath that he served a copy of the within citation on George Jonas, Patrick Irwin, and Louis Schneider, as stated in his official return hereon.

S. W. REED,
D'y U. S. Marshal.

Sworn to and subscribed before me this 28th day of August, 1875.

F. B. VINOT,
Comm'r of U. S. Circuit Court, Dist. of Louisiana.

(Indorsed :) 7069. Nicholas W. Casey, receiver, vs. Louis Schneider et al. Citation.

Marshal's return.

Received Jul' 14, 1875, by the U. S. marshal, and on the 21st July, 1875, I served a copy of the within citation upon George Jonas & Patrick Irwin, each, by handing the same to them personally, at the city of New Orleans, La.; and on the 27th August, 1875, I served a copy of within citation upon Louis Schneider, by handing the same to Henry Miller, his attorney of record, at the city of New Orleans, La.

New Orleans, August 27th, 1875.

S. B. PACKARD,
U. S. Marshal,
Per S. W. REED,
D'y U. S. Marshal.

(Indorsement on cover :) No. 179. Nicholas W. Casey, receiver of the New Orleans National Banking Association, appellant, vs. Louis Schneider et al. Louisiana C. C. U. S. Filed 11th October, 1875.

○

Supreme Court of the United States.

OCTOBER TERM, 1877.

No. 179.

◆

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION—*Appellant*,

versus

L. SCHNEIDER, ET AL.—*Appellees*.

Appeal from the Circuit Court of the United States—District of Louisiana.

Brief for Appellant.

J. D. ROUSE,
CHARLES CASE,
Counsel for Complainant.

Clark & Hofeline, Book Printers, 112 Gravier St.

Supreme Court of the United States.

OCTOBER TERM, 1877.

No. 179.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION—*Appellant*,

versus

L. SCHNEIDER, ET AL.—*Appellees*.

Appeal from the Circuit Court of the United States—District of Louisiana.

Brief for Appellant.

STATEMENT OF THE CASE.

The New Orleans National Banking Association, of which plaintiff is receiver, was organized under the provisions of the National Bank Act, approved June 3rd, 1864. For several months prior to its failure it was insolvent and notoriously embarrassed. It suspended cash payments Sept. 24, and altogether failed and suspended Oct. 4th, 1873. A receiver was appointed by the Comptroller of the Currency, and took possession October 27, 1873.

It appeared from the books of the bank, that among its assets at the time of its failure were notes and bills discounted amounting to $853,066.43. See Statement, R. p. 117. But when the receiver took possession, he discovered that nearly $800,000 of these assets were not in the bank. Inquiry developed the fact that they had been delivered to certain creditors of the bank or their agents, with the purpose of securing their several demands.

The defendants had in their possession such assets of the bank, to the amount of $281,117.55, (pp. 5--7,) which they claimed to hold as trustees of the Clearing-House, a voluntary association to secure such creditors of the bank as they might prefer.

It appearing that none of these assets had been delivered at the time of the creation of any debt and that all had been delivered after the suspension of the bank, with a view to prefer certain selected creditors, the transaction was clearly one prohibited by the Act of Congress, approved June 3d, 1864, section 52 of which is as follows:

SEC. 52. *And be it further enacted*; That all transfer of the notes, bonds, bills of exchange, and other evidences of debt owing to the Association, or of deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion, or other valuable thing for its use, or for the use of any of its shareholders or creditors; and all payments of money to either, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of its assets in the manner prescribed by this Act, or with a view to the preference of one creditor to another, except in payment of its circulating notes, *shall be utterly null and void.*" 13 Stat., p. 115.

And thereupon said Receiver filed his Bill of Complaint, (p. 1) in said Circuit Court, setting forth the foregoing facts, as well as the fact that said bank on the 25th of September, 1873, was in an insolvent and failing condition, and was in fact unable to pay the checks of its depositors, or to discharge in currency the daily balances due by it to other banks in New Orleans; and continued in the same crippled and insolvent condition until the 4th of October following, when it absolutely failed, and soon thereafter passed into the hands of a Receiver; that between the 24th of September and 6th of October, the President and officers of said bank, well knowing the insolvency thereof, with the unlawful intent to prefer certain of its creditors to the complainant unknown, contrary to the provisions of said Act of Congress, unlawfully abstracted assets of said Association amounting to $281,-177 55, and placed the same in possession of the defendants, who refused to deliver them to the Receiver, said defendants well knowing that said bank was at the time they received the same, insolvent and unable to pay the current demands of its depositors, and that said assets were a portion of the portfolio of said bank.

The defendants in their answer (p. 12), admit that on the 24th of September, and the 6th of October, and intervening dates, said bank was unable to pay checks, and balances due other banks in currency; and that on the 25th of September, said bank in common with certain other New Orleans banks entered into an agreement, whereby they bound themselves not to pay in currency sums exceeding twenty-five dollars upon the checks of any depositor, on the same day; that the defendants were appointed to act upon behalf of the several banks, and upon the inability of any bank to pay the balances against it, in favor of any other bank or banks, to receive from such bank security, by the deposit of collaterals exceeding the amount of such balance by 33⅓ per cent., and to issue a certificate or certificates that they had received such collateral for the payment of the amount named in the certificate, and such certificates were received by the creditor banks in lieu of payment of the balances due them; that the defendants received collaterals from the New Orleans National Banking Association to the amount of $281,177 55, and issued certificates thereto for 199,000 which were used to settle balances against it; and that defendants had, after the failure of said Banking Asssociation collected and disposed of a large amount of such collaterals and applied the proceeds to the payment of creditors of said Association, holding their certificates.

Issue was joined, and the proof in the record establish the following facts:

That on the 25th September, 1873, the Banking Association refused cash payment of checks of its depositors, in excess of one hundred dollars, and on the following day it refused cash payment of such checks, in excess of twenty-five dollars, (p. 30;) that on the 25th September, the bank had almost no current funds; that the balance of exchanges against it that morning was $51,000, and the preceding day, $19.000; that the adverse balances of September 24th, were settled by borrowing money from other banks and issuing cashier's checks; that the loans and cashier's checks on that date amounted to $45.000, (p. 31;) that said Association also borrowed from other banks from September 12th to Septemder 25th, $125.258.81, all of which was represented by cashier's checks drawn against the bank, and given to banks and bankers who entered into the agreement of the 25th September, (pp. 31, 32, and 62, 63;) all of which checks or nearly all, were settled through the Clearing-House on or after the 25th September, and secured by the deposit of collateral securities in the hands of the defendants. (see details pp. 32, 33.) This fact is also shown by a comparison of the statements of the bank for September 25th, 1873, and following days, (p. 72, *et seq*;) and the statements of the Clearing-House of the same dates, (p. 138, *et seq.*)

These statements also show the following:

Sept. 25.	Due to individual depositors	-	$485.740.96
" 26.	" " "	-	460.505.19
	Reduction	- - -	25.235.77
Sept. 26.	Balance of checks against the bank in the clearing-house	-	$ 50.844.21

	Excess of balance over reduction in deposits	$ 25,608.44
Sept. 26.	Due to individual depositors	$460.506.19
" 27.	" " "	445,120.88
	Reduction	15.384.31
Sept. 27.	Balance of checks against the bank in the clearing-house	$ 43,362.60
	Excess of balance over reduction in deposits	27,977.29
Sept. 27.	Due to individual depositors	445,120.88
" 29.	" " "	423,670.15
	Reduction,	$21.450.73
Sept. 29.	Balance against the bank at the clearing-house	$47,239.38
	Excess over reduction in deposits	25,788.65

This excess of balances at the clearing-house over reduction in deposits is made up of Cashier's checks cleared and secured.

It should also be remembered that the reduction of the amount due depositors during the ten days following September 24th, includes the cash paid upon checks at the counter as well as the checks against individual accounts for the payment of notes maturing during that period. The evidence also shows that a large amount of Exchange drawn by the Bank and sold to other banks, which entered the combination of September 25th, was then outstanding, which afforded an additional motive to such banks to keep the Association apparently alive until their bills should be paid, (p. 33).

The evidence also shows that on the 24th of September, and on the 4th of October, when the bank failed, there was to due to the President and Directors of the Association, or to firms of which they were members, as follows, to-wit :

September 24th. To C. Cavaroc & Son, C. Cavaroc being President,	$73,000.00
October 4th. To C. Cavaroc & Son,	2,430.63
September 24th, To E. F. Mioton, a Director	568.00
October 4th, " " "	20.93
September 24th, To S. Cambon & Co., S. Cambon being a Director,	1,727.00
October 4th, S. Cambon & Co's. account *overdrawn*,	71.00
September 24th, To Charles De Ruyter, a Director,	1,873.00
October 4th, To Charles De Ruyter, a Director	1,097.00
September 24th, To Frank, Haas & Co., L. Haas being a Director,	2,500.00
October 4th. Frank, Haas & Co's. account *overdrawn*,	648.00
September 24th. To A. Tertrou, a Director	2,000.00
October 4th. " account *overdrawn*	30.00
September 24. To John Rocchi, a Director.	121.00
October 4th, " account balanced	

(See record, pp. 33 and 34).

All of the above balances were reduced or withdrawn by checks through the clearing-house, (p. 34), and an over-draft of Frank, Haas & Co., was also by a check through the clearing-house for $1000, when they had but $200 to their credit, and the same was secured by a deposit of collaterals with these defendants. (p. 36).

The evidence also shows that if the agreement of the 25th of September had not been effected, the Bank would then have been compelled to suspend, (p. 35).

That agreement was suggested by Mr. Cavaroc, President of the Bank, who consulted with the other bank presidents. (p. 36,) it appearing that the balances against the Bank were very heavy on the 22nd and 23rd of September.

The evidence also shows that the Board of Directors was composed of twelve stockholders, a majority of whom constituted a quorum. (Articles of Association, p. 79). The minutes of the board are in evidence, and show that from August 28th until the failure there was no quorum except on September 20th, (p. 64, et seq).

The evidence also shows that the notes which were transferred to the defendants were still carried upon the books of the bank as resources, no entries being made in regard thereto. (p. 44).

It appears also by the testimony of Schneider, one of the defendants, that he was aware of the failure of the Bank on the evening of the 4th of October; that the defendants did not redeem any certificates before they knew of the failure, and that he knew the fact that this bill was filed a few days before the service of subpœna upon him, (p. 97).

The subpœnas were served on two of the defendants November 19th, and upon the other November 21st. (pp. 8 and 9).

It appears from exhibit H, (p. 24,) annexed to the answer of the defendants, that no certificates were paid until the 21st of October, when $24,000 were paid to the Canal Bank, of which the defendant Jonas was president; that the Receiver made a demand upon him for an account of the assets in his hands on the 29th of October, (p. 93,) and by exhibit H it appears that on and after the 29th of October up to and including the 19th of Nov., when the subpœnas were served, out of $103,000 paid, $36,000 were paid to the Germania National Bank, of which the defendant Schneider was president, $14,000 were paid to the Canal Bank, of which the defendant Jonas was president, and $4000 to the Hibernia National Bank, of which the defendant Irwin was president, and that up to the 19th of November, inclusive, they had redeemed certificates to the amount of $127,000.

Upon the hearing a decree was made dismissing the bill.

ASSIGNMENT OF ERRORS.

The plaintiff assigns for error generally, the decree of the Circuit Court, dismissing the bill. This error admits of several subdivisions which are assigned as follows, viz:

1. Said Court erred in upholding the transfer of the assets of said bank, made in contemplation of its insolvency and with a view to give a preference through the defendants to certain creditors over others.

2. Said Court erred in decreeing the validity of the pretended pledge set up by the defendants.

3. Said Court erred in decreeing the validity of the acts of the President of said bank, in the premises complained of, not within the scope of his authority as such, and which were not authorized by the Corporation, through its Board of Directors.

ARGUMENT.

I.

THE INSOLVENCY AND THE INTENT TO GIVE A PREFERENCE.

The prohibitory provisions of Section 52 of the Nationa Bank Act, above set forth, are of the most sweeping and positive character, showing the intent of Congress to strike with nullity any and every device that would give one creditor any advantage over another.

The reported adjudications upon this section of the statute, so far as known, are confined to the present case, and one other hereinafter cited; but decisions upon the similar but much less stringent provisions of the Bankrupt Acts of 1841 and 1867, show that all the strictness required by its language must be given to it.

The 2d Section of the Bankrupt Act of 1841, declared conveyances or transfers of property, "*in contemplation of* *bankruptcy,*" and for the purpose of preferring a creditor, void. 5 U. S. Stat., 442. The phrase "in contemplation of bankruptcy," is construed to mean in contemplation of a *state* of bankruptcy, or a known insolvency and inability to carry on business.

Hutchings vs. Taylor, 5 Law Rep., 289.

Arnold vs. Maynard, 2 Story's Rep., 349.

And is not limited to a contemplation of proceedings under the act.

Everett vs. Stone, 3 Story's Rep., 453.

Pulling vs. Tucker. 4 Barn. & Ald., 382.

"Insolvency" is defined as the state of a person who is insolvent or unable to pay his debts, or who in unable to pay his debts as they fall due in the ordinary course of business.

1 Bouvier's Dict., *verbo* Insolvency.

Toof vs. Martin, 13 Wall., 47.

Wager vs. Hall, 16 Wall., 599.

Dutcher vs. Wright, 94 U. S. Rep., 557.

Under the Act of 1841, it was not necessary that the preferred creditor should know of the debtor's insolvency. The preference was void even if he were ignorant thereof.

Packham vs. Burroughs. 3 Story's R. 544.

Everett vs. Stone. 3 Story's R. 445.

Morse. vs Godfrey. 3 Story's R., 364.

Arnold vs. Maynard, 2 Story's R., 349.

See also 4 Johns 536.

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See also 4 Johns 536.

The Act of 1867, avoids a prefereuce if the debtor be in fact, at the time, insolvent, although he may not contemplate bankruptcy, if the creditor had reasonably cause to believe him insolvent.

Wager vs. Hall, 16 Wall. 600.

Forbes vs. How, 102 Mass., 435.

The strictness with which the clause "having reasonable cause to believe" is construed, clearly shows that in the absence of such a clause in the National Bank Act, the knowledge of the creditor is immaterial, and not a subject of inquiry.

Very slight evidence of an affirmative character of the existence of a desire to prefer one creditor to another may be sufficient to invalidate the whole transaction.

Wilson vs. City Bank, 17 Wall., 487.

The case of *Case, Receiver of Crescent City National Bank vs. Citizens' Bank*, was a bill in equity to set aside transfers made contrary to the provisions of Section 52 of the National Bank Act, and the Court said:

> "It is only necessary that the insolvency should be in
> "contemplation of the bank making the transfer. The
> "party to whom the transfer is made need not know of,
> "or contemplate the insolvency of the bank which makes
> "the transfer."

2 Wood's Rep., 23.

With this exposition of the law let us apply it to the facts herein as developed by the

EVIDENCE.

The insolvency of the bank and the notoriety thereof.

This is fully established by the evidence in record (pp

37, 38, and 44 to 61), where it is fully detailed, but as it is set out in our brief in No. 181 in which the same counsel appear as in this case, it is not deemed necessary to repeat it here. Moreover, the agreement of Sept. 25th, being a public confession of insolvency, it does not seem to be necessary to inquire very particularly into its previous condition, as the transactions complained of were subsequent to the aforesaid public act of insolvency.

II.

THE LAW OF PLEDGE.

This is also fully discussed in our briefs in Nos. 180 and 181, where the statutory provisions, and decisions upon the same, are set out, and as the same counsel appears in this case as well as in those mentioned, reference is had to what we then said upon this subject, the same being applicable to the case herein presented.

III.

OF THE WANT OF AUTHORITY TO MAKE SUCH CONTRACT.

If the transaction complained of were not in itself unlawful, still it was without the sanction or authority of the corporation, expressed through the action of its Board of Directors or otherwise. We have already shown that the only meeting of the Board of Directors, at which there was a quorum, was on the 20th September, five days before the agreement between the banks.

The want of authority in the President and Cashier to bind the bank, except in the discharge of their ordinary duties, is so well established that we need only to refer to the authorities.

U. S. vs. City Bank, 21 How. R. 356.
Bank vs. Dunn, 6 Pet. R. 51.
Bank vs. Jones, 8 Pet. R. 12.
Talmadge vs. Pell, 7 N. Y. R. 328.
Reed vs. Powell, 11 Rob. R. 98.
Sandy River Bank vs. Merchants' Bank, 1 Biss. R. 146.
Angel and Ames on Corp., 288 et seq.
Wyman vs. Hallowell and Augusta Bank, 14 Mass. 58.
See also *Beatty vs. Ins. Co.*, 2 Johns. 110.

It was contended in the Court below that the bank could not repudiate its acts in the premises, but was bound thereby, even if the transfer was obnoxious to law; and that the receiver could not do what the bank was estopped from doing. If this were true, Sec. 52 of the National Bank Act would be a nullity. The theory supposes that the receiver is the representative of the bank, only, whereas he is the statutory assignee, and represents the creditors as well, whose rights the provisions of the 52d Section were intended to protect, and if he could not invoke its provisions, for their protection, there would be a right without a remedy.

If the transactions complained of were not in violation of the 52d Section of the Act above quoted, they must be condemned upon grounds of public policy, when it is remembered, that the result of the machinery employed was to momentarily galvanize a corporation already in *articulo mortis*, and to give it a semblance of life long enough to enable the attending operators, as well as the President and Directors, to secure amounts due them, to the prejudice of the other creditors.

The decree should be reversed and such a decree made as the complainant hath prayed in his bill.

Respectfully submitted,

J. D. ROUSE,
CHARLES CASE,
Counsel for Complainant.

Supreme Court of the United States.

No. 179.

NICHOLAS W. CASEY, RECEIVER OF THE NEW ORLEANS NATIONAL BANKING ASSOCIATION—APPELLANT,

versus

LOUIS SCHNEIDER, GEORGE JONAS AND PATRICK IRWIN,—DEFENDANTS.

◆

Brief on behalf of Defendants and Appellees.

THOS. ALLEN CLARKE,
Of Counsel for Defendants.

Clark & Hofeline, Book Printers, 112 Gravier St.

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Brief on behalf of Defendants and Appellees.

STATEMENT.

The defendants were trustees of the Clearing House established by the New Orleans Banks, State, National and private, fifteen in number. Clearing House recognized, U. S. Rev. Stats. 5193-4. The mode of operation of this Clearing House was the same generally adopted by the banks of the cities of New York, Philadelphia and others; it is detailed in the testimony of Maynard, its manager, folio 202 et seq. The object to be obtained was information as to the condition of the business of community, and the banks especially from day to day, and to simplify settlements by checks upon debtor banks in favor of creditor banks, drawn by the manager. The panic of September, 1873, was as violent in New Orleans as in other cities of the United States. The banks adopted the plan of issuing Clearing House certificates, which could be procured by any of the associated banks upon the deposit in the hands of trustees of collaterals, the certificates, not to exceed seventy-five per cent. of the par value in the estimation of the trustees. These certificates to be used in the settlements between the banks as cash. The banks were restricted from any further use of them. (The agreement Exhibit B, folio 42; supplemental Exhibit C, folio 44). Certificates to a large amount were issued to the New Orleans National Banking Association. The bank subsequently failed and went into the hands of the Receiver on 27th October, 1873. The suit is to recover *in equity*, the collaterals or the proceeds thereof from the said trustees.

THE BILL

charges that the Association was on or about the 25th September, 1873, although carrying on business insolvent, and to the knowledge of President and Directors in a failing condition, and so continued until 4th October, when it failed, and soon thereafter passed into the hands of Receiver. That between 24th September, and the date of suspension, 6th October, the President and Directors and officers with knowledge of the insolvency of Association, and with the unlawful intent to prefer certain creditors unknown, contrary to the provisions of the Banking Act, abstracted unlawfully from bills, etc., of the Association in value at least $281,177-55-100, describing them, and placed the same in the custody and control of defendants who refuse to deliver. States the need of discovery as to the said bills, etc.

States, as claimed by defendants, their right to dispose of said bills, etc., and to pay proceeds to a certain class of creditors to be selected by them without regard to laws of United States, contrary to the will of Comptroller of Currency and in fraud of the rights of other creditors of Association; this claim is denied. Avers right to all of said assets divested of any control; denies any rights in defendants as trustees, they having acquired same under such circumstances as to be in violation of the 52d Section of the Act of June 3d, 1864. This is the gist of the bill stripped of the usual verbiage. It asks for possession of said bills, etc., and an account.

THE ANSWER

avers that preceding the 24th September, 1873, there had been heavy commercial failures through the United States, accompanied by great commercial distress, that the pecuniary distress was unusual, and the demands for currency were far beyond the usual requirements, all of which causes had constrained at and prior to said date a general suspension of currency payments by individuals, and by the banks in all the commercial centres; that on the 24th September, and 6th October, and intervening dates, the Banking Association was in possession of United States and National Currency, bills receivable assets and property of value considerably in excess of its liabilities; but as defendants believe, owing to said commercial causes, it was compelled to adopt with the other banks the plan mentioned and defined in the agreement Exhibits B, and C.

Then follows the description of the working out of the plan by the deposit of securities, and the issue of certificates, of which the New Orleans Banking Association received $199,000, to secure which the assets named in Exhibit A. were deposited; the use of them from day to day in the settlements with the banks, and the state of the account at the time of filing answer.

It denies all charges as to insolvency, or ill-practices on the part either of the President or Directors of the Association or themselves, and avers that the arrangement between the banks was to meet the wants and necessities of the banks between themselves, and for the benefit of their customers and with their acquiescence, and called for by the exigencies of the times.

It avers good faith on the part of all.

It avers and claims that they had and have the legal right to collect and apply the proceeds of said bills according to the agreement which is valid in all respects.

It admits the plaintiffs' right to the surplus after payment of all outstanding certificates, and denies all other rights in the premises.

It shows $170,508.13 proceeds sold and collected in paying and redeeming $170,000 of certificates issued to and transferred by the Association in the course of its settlements between the associated banks.

THE EVIDENCE

sustains the answer. The New Orleans Banking Association, was in good credit up to the closing of its doors in October, 1873. No one suspected its insolvency, the banks bought its exchange, and its business was continued with regularity. Test'y Jonas, folio 167, et seq; Schneider, folio 192; Irwin. 200 et seq; Blache, 93; Kennedy, 227. The testimony of Blache is of a case made up long after the events have transpired, upon estimates and data not of the then past, but upon those of the then present, "wise after the event". He did not think the bank insolvent when he visited the Comptroller of Currency in October, (Aldige 207, et seq.) It had a surplus he tells both Aldigé and the Comptroller. Blache is the only witness to sustain complainants' theory of insolvency. Cavaroc President's acts are inconsistent with any theory of insolvency. He devotes his means and credit in aid of the Association, folio 141.

POINTS.

I.

The defendants are mere stakeholders, and having paid according to the direction of their mandate cannot be made liable to complainants Acts before notice unimpeachable.

Butler vs. Harrison, Cowper 566.
Mowatt vs. McLelan, 1 Wend., 173.
Rev. Civil Code of Louisiana, 2949, 2950, 3004, 3005.

McDonough vs. Delassus, 10 Rob., 481.

Nolan vs. Shaw, 6 An., 40.

Bludworth vs. Jacobs, 2 An., 25.

Dunlap's Paley's Agency, 390.

Certainly here, the exception to the rule "unless indeed the receipt of the money by the agent was obviously fraudulent and illegal, or his authority to receive it was known to him to be utterly void." Story's Agency, Sec. 300, does not apply.

An action will not lie against a receiver for the purpose of frying a right in the principal, even though he had not paid over the money.

Paley, 389.

Story's Agency, Sec. 301, and cases cited in note.

II.

The pledge of the collaterals is valid. It was made according to the Act of Louisiana, 1852, page 15, Sec. 1; re-enacted 1855, Rev. Code, 3158; Rev. Statutes, Sec. 2905.

Effect of revisory legislation stated.

State vs. Holmes, 11 An., 439.

State vs. Brewer, 22 An., 273.

State vs. McCort, 23 An., 326.

Neither an act before a Notary, nor an indorsement by pledgor, is needful to constitute a valid pledge of negotiable securities or stock in corporations.

III.

Informalities in pledge cannot be set up by pledgor to impeach.

Partee, Syndic, vs. Corning, 9 An., 539.

Brother vs. Saul, 11 An., 225.

Formalities required as against third persons, not required as against pledgor.

IV.

The syndic, receiver, or assignee, has no greater authority than the debtor they represen. If he cannot impeach, they cannot, except as the statute distinguishes. The restraints of the insolvent or bankrupt statute measure the difference between the rights of debtors pledgors and their representatives under the said statute.

Partee, Syndic vs. Corning, 9 An. 539.

Gibson vs. Warden, 14 Wal 250.

Cook vs. Tullis, 18 Wal., 332.

Mitford vs. Mitford, 9 Vesey, Jr., 88.

The assignees under a commission are subject to all the same equities affecting the bankrupt's rights, which could have been enforced against the bankrupt himself.

Grant vs Mills, 2 Ves. and Bea., 308.

Exparte Hanson, 12 Ves., 349.

Turner vs. Harvey, Jacobs' Rep., 174.

Campbell vs. Slidell, 5 La. An. 274.

V.

A fair exchange of values may be made at any time even if one of the parties to the transaction be insolvent.

Clark, assignee, vs. Iselin, 21 Wallace, 360

Cook vs. Tullis, 18 Wall. 332.

VI.

The Section 52 of the Statutes of 1864 measures the power of setting aside transfers, etc., at the instance of a Receiver.

This case has none of the elements prescribed.

The interdiction of 52d Section has the same purpose as that of 35th Section of Bankrupt Act, sales or pledges or transfers for a fraudulent object, not those with an honest purpose.

Embarrassed persons are not prohibited from transacting business.

"It is for the public interest that every one should continue business, and avoid, if possible, going into bankruptcy," and yet, how could this result be obtained if he was denied the privilege of raising money upon his property.

Two things must concur to bring the transaction within the inhibitions of the law ; the fraudulent design of the bankrupt, and the knowledge of it upon the part of the assignee.

Tiffany vs. Lucas, 15 Wall. 422.

Wager vs. Hall, 16 Wall. 595.

Wilson vs. City Bank, 17 Wall. 473.

Mays vs. Fritton, 20 Wall. 414.

"In the administration of the Bankrupt Law in England this subject has frequently come before the courts who have uniformly held that advances may be made in good faith to a debtor to carry on his business, no matter what his condition may be, and that the party making these advances can lawfully take securities at the time for their repayment."

Tiffany vs. Boatman's In'n., 18 Wall. 389.

VII.

The contract was made with the authority of the corporation, through its board of Directors.

The Bank received the benefit as shown by their books.

The directors must have known of it. They never repudiated the contract. 5 Hill, 137.

Promises and engagements of a corporation may be implied from its acts or those of its agents as from those of individuals.

Abbott, Digest of Corporations, 579, and cases there cited.

A corporation which has received the benefit of a loan cannot avoid liability on a mortgage to secure its payment by denying the authority of those who contracted the loan on its behalf.

Ottawa Plank Road vs. Murry, 19 Ill. 336.

Bissell vs. Mich. S. & N. J. R. R. Co., 22 N. Y. 258.

Pine Grove vs. Tolcott, 19 Wall. 678.

Bank vs. Dandridge, 12 Wheat. 70-71.

Bezou vs. Pike, 23 An. 788.

Canal Bridge vs. Gordon, 1 Pick. 304.

A fortiori in equity.

VIII.

The contract is valid, and not in contravention of the policy or directions of banking act.

A common business operation within the ordinary actions of banks and bankers.

No clause of act forbids.

IX.

If not within the authority of the banking act; not a nullity.

Having the benefit of the money, the corporation cannot repudate the act and reap its fruits.

Contracts will be enforced under any circumstances of controlling equity.

Bissell vs. Rail Roads, 22 N. Y. 258.

Corporations have no right to violate their charters, but have a capacity so to do. They cannot repudiate acts so done to wrong innocent third parties.

Same case.

A party who has had the benefit of a contract, cannot question its validity, in respect of regularity of organization or of powers conferred by charter.

Nav'n Co. vs, Weed, 17 Barb. 378.

Despatch Line vs. Bellamy, 12 N. H. 205.

Moss vs. Rossie Co., 5 Hill, 137.

X.

The judgment should be affirmed with costs.

THOS. ALLEN CLARKE,
Of Counsel for Defendants.